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CRITICAL ECONOMIC SITUATION IN AFRICA: FINAL REVIEW AND APPRAISAL OF THE IMPLEMENTATION OF THE UNITED NATIONS PROGRAMME OF ACTION FOR AFRICAN ECONOMIC RECOVERY AND DEVELOPMENT 1986-1990

Report of the Secretary-General

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FOREWORD BY THE SECRETARY-GENERAL

Five years ago, the General Assembly met in a special session to consider ways of supporting African efforts to alleviate the severe crisis that gripped the continent, and to lay the foundation for its sustained economic and social development. At the special session of the General Assembly, African countries presented Africa's Priority Programme for Economic Recovery 1986-1990 (APPER), which had earlier been adopted by the Assembly of Heads of State and Government at the summit of the Organization of African Unity. The African countries invited Member States and United Nations agencies to consider APPER as a basis for enhanced support for the continent. The thirteenth special session of the General Assembly concluded on 1 June 1986, with the Assembly unanimously adopting the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 (resolution S-13/2, annex). The Programme represented a unique agreement between African States and the international community, with both sides committing themselves to serious and far-reaching efforts to accelerate Africa's development process. It was the first such programme ever adopted by the United Nations, and it created major expectations for better prospects for Africa.

Since 1986, the General Assembly has every year addressed aspects of the implementation of this "compact", and expressed continuing concern over the pace of progress. By the end of 1990, it had become evident that the African economic crisis had indeed deepened and that much more vigorous efforts and greater commitment were needed, particularly on the part of the international community, to place the continent firmly on the road to economic recovery and development, as well as political stability.

Economic and social conditions actually worsened over the five years of the period of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990. This occurred despite the many far-reaching actions and reforms undertaken by African countries, including notable progress towards democratization. Clearly, additional and more energetic efforts are necessary to revitalize growth and development in Africa. This is especially urgent because of the major efforts made by African countries to improve economic management and preserve social programmes during the period of the United Nations Programme of Action. In some countries, these efforts have succeeded in halting, and sometimes reversing, the decline in economic and social conditions, and in many they have created the means by which increased resources can be used more effectively. But these successes have been achieved at a high social and political cost, and African countries will not be able to sustain them unless additional resources are made available to ensure that significant gains soon become apparent to the African people. The General Assembly, therefore, now has the responsibility of charting new directions for international support for the continued efforts of African countries during the 1990s.

In a continent that emerged from colonial dependence in such a fragmented state, nothing will guarantee true independence and full mobilization of its

immense potential more than a concerted effort at economic integration and cooperation. The global phenomenon of growing regionalism has only sharpened Africa's own awareness and aspirations. I was pleased, in this context, to witness on 3 June 1991, at Abuja, Nigeria, the signing, by 49 Governments, of the Treaty establishing an African Economic Community.

There are many other issues and concerns which need to be addressed in Africa, and the continent's efforts to do so can clearly only be effective with the fullest support from the international community. Indeed, overcoming the persistent, decade-long crisis in Africa represents the greatest developmental challenge of our time.

The organizations of the United Nations system are fully aware of this challenge, and Africa for them is a major priority, as it will be in the next United Nations medium-term plan for the period 1992-1997. In order to ensure coherent and coordinated action by all the United Nations entities, I shall present, next year, a system-wide plan of action in support of Africa's development efforts.

The situation of Africa raises important questions about solidarity among States Members of the United Nations, and about their will and capacity to act in concert to address the wide spectrum of inextricably linked development issues, both within and beyond the continent. Since the United Nations Programme of Action was adopted in 1986, important changes have taken place in Africa which I am confident will contribute to strengthening international support and commitment for the continent. The General Assembly must now decide how the compact is to be renewed and made operational, and what should be the institutional mechanisms for monitoring its implementation. The international community cannot afford to fail. At stake is its credibility and its ability to deal effectively with questions affecting its collective well-being and security. The General Assembly must therefore agree on a significant programme of action containing measures and commitments that will ensure the sustainable development of a continent faced with an unrelenting economic crisis of tragic proportions.

I. INTRODUCTION

1. The grave socio-economic situation in Africa prompted the Assembly of Heads of State and Government of the Organization of African Unity (OAU), at its twenty-first session, held at Addis Ababa in July 1985, to call for the convening of a special session of the General Assembly to deal exclusively with the continent's critical socio-economic situation. 1/ Subsequently, the General Assembly decided unanimously, in its resolution 40/40 of 2 December 1985, to hold the first special session ever devoted exclusively to the problems of a single region. The focus was on the medium-term to long-term development and rehabilitation problems facing African countries. After considerable study, a comprehensive method for promoting and adopting action-oriented measures was clearly called for. The United Nations Programme of Action for African Economic Recovery and Development 1986-1990 was adopted by consensus, on 1 June 1986, by the General Assembly at its thirteenth special session (General Assembly resolution S-13/2, annex).

2. The United Nations Programme of Action, a unique compact between Africa and the international community, contained mutually reinforcing agreements: Africa committed itself to "providing the necessary framework to launch long-term programmes for self-sustaining socio-economic development and growth" and the international community undertook to "assist Africa in achieving this objective" (General Assembly resolution S-13/2, annex, para. 13).

3. The African countries reaffirmed that it was primarily their responsibility to develop their own continent. They dedicated themselves to the necessary economic reforms, as outlined in Africa's Priority Programme for Economic Recovery 1986-1990, 1/ as the basis for broad-based sustained economic development.

4. It was recognized that the economic recovery and development efforts of African countries must be supplemented by complementary action on the part of the international community and that solutions to exogenous problems over which Africa has no control, would have to be found. The international community committed itself to providing sufficient resources to support and supplement the African development effort. They further noted that Africa's efforts would be greatly facilitated if flows of external resources were consistent and assured. External factors that aggravate the African situation need to be examined. This would especially include terms of trade and commodity issues, both of which can be linked to either easing or exacerbating Africa's huge debt burden.

5. The United Nations Programme of Action recognized the importance of organizations within the United Nations system in the implementation of the Programme and called upon the Secretary-General to coordinate the support of those groups.

6. A mid-term review and appraisal of the United Nations Programme of Action was conducted by an Ad Hoc Committee of the Whole of the General Assembly, and by the General Assembly itself, in September and October 1988. This review provided the opportunity for a comprehensive assessment of the responses to the Programme of Action, and for recommendations to accelerate its implementation. Conclusions drawn are contained in the report of the Ad Hoc Committee of the Whole. 2/ The General Assembly emphasized, inter alia, in its resolution 43/27 of 18 November 1988, that "the African economic crisis is one that concerns the international community as a whole". It further asserted that, "the Programme of Action provides an important framework for cooperation between Africa and the international community, and all parties wish to reaffirm their commitment to the Programme of Action. The continuing gravity of the economic situation in Africa requires that all partners take urgent and decisive action to accelerate and ensure the effective implementation of the Programme of Action during its remaining period" (General Assembly resolution 43/27, annex, para. 5).

7. The General Assembly further decided, in its resolution 43/27, to conduct a final review and appraisal of the implementation of the United Nations Programme of Action at its forty-sixth session. Subsequently, the Assembly requested the Secretary-General, in its resolution 45/178 A, to submit to the Ad Hoc Committee of the Whole his report on the implementation of the United Nations Programme of Action. The present report has been prepared in this context. It provides an up-to-date assessment, including views on: the African economy; the impact of internal and external constraints on that economy; economic reform measures undertaken; review and appraisal of the actions taken by African countries, the international community and the United Nations system to implement the Programme; and recommendations on measures needed to implement growth and development goals in the era following the United Nations Programme of Action for African Economic Recovery and Development 1986-1990.

8. The present report includes: surveys of its member States conducted by the Economic Commission for Africa (ECA) on the implementation of the United Nations Programme of Action; data generated through a project of the United Nations Development Programme (UNDP); reports from the World Bank and ECA that monitored development programmes and aid flows to sub-Saharan Africa; and information made available by other United Nations agencies and African regional and subregional organizations. It also takes into account the decisions of the General Assembly following its mid-term review, and builds on the two previous reports of the Secretary-General to the General Assembly on the implementation of the United Nations Programme of Action. 3/

9. In the light of the experience of the United Nations Programme of Action for African Economic Recovery and Development 1986-1990, the present report recommended, inter alia, measures that need to be implemented beyond 1991 to accelerate and sustai growth and development in Africa.

II. EXECUTIVE SUMMARY

A. Introduction

10. The United Nations Programme of Action for African Economic Recovery and Development 1986-1990 was a unique compact between Africa and the international community, based on the collective will of the continent to deal decisively with its problems as enunciated in Africa's Priority Programme for Economic Recovery 1986-1990 (APPER). It embodied, on the one hand, the aspiration and commitment of the African countries to overcome their socio-economic crisis and lay the foundation for recovery and development, and, on the other hand, the commitment of the international community to support that effort.

11. In the United Nations Programme of Action, the African countries committed themselves to giving priority attention to necessary economic reforms, as outlined in APPER, as a basis for broad-based, sustained economic development. This would include features such as: the rehabilitation and development of agriculture; the development of other sectors supportive of agriculture; measures to combat drought and desertification; and the efficient development and utilization of human resources.

12. For its part, the international community recognized the need for intensified cooperation and substantially increased support for Africa; realized that lasting solutions were needed to overcome the serious exogenous constraints over which Africa has no control; committed itself to making every effort to provide sufficient resources and to support Africa's efforts to succeed, which needed predictable, assured, and high quality external assistance; and also recognized the need to address the external factors that aggravated the African situation. This would especially include the deteriorating terms of trade, the need to deal urgently with commodity issues and to alleviate Africa's debt burden.

B. Assessment

13. The present report focuses on overall aggregate levels and trends for Africa, although the record of economic performance, reform measures, and flows, etc., between countries is quite naturally varied. Differences in the rates of growth and terms of trade point to the complexity of the relationship between economic performance, policy reform and the external environment. Furthermore, when considering economic performance in Africa, it is important to keep in mind the significant impact that single large countries may have on aggregate figures.

14. Nevertheless, five years after the adoption of the United Nations Programme of Action, the current socio-economic state of the majority of African countries continues to give cause for concern. The goals set in the Programme of Action are far from being realized.

15. The great majority of African countries formulated and carried out a broad range of initiatives and reforms, as envisaged in the United Nations Programme of Action in 1986. The framework for reforms in most countries in the 1986-1990 period was provided by structural adjustment programmes (SAPs), since vitally needed external financing became increasingly difficult to obtain without the adoption of these programmes. When they were first designed SAPs, as well as their supportive funding arrangements, focused on short-term objectives of stabilization rather than on the broader, long-term development objectives of the United Nations Programme of Action. It is now widely acknowledged that these programmes must give more emphasis to the longer-term structural transformation needed in Africa. This broader orientation of SAPs and their adequate funding are essential elements of the external support that must be mobilized for African reform and development efforts in the 1990s.

16. The African countries estimated that the full implementation of APPER would require total financial resources of $128.1 billion, of which the African countries intended to provide $82.5 billion through the mobilization of domestic resources. The remainder, approximately $46 billion or just over $9 billion per annum, was to be met through additional external resources.

17. In the case of domestic resources, Africa's efforts fell short of projections because the continent's main source of external resources, and hence investment, earnings from commodity exports, plummeted in the face of weak prices on the world markets. In 1986 alone, Africa lost $19 billion as a direct result of falling commodity prices, with more than $50 billion of export earnings lost during the entire period of the United Nations Programme of Action.

18. While some of Africa's partners substantially increased their support to the continent, the expectation of additional net resource flows over and above 1986 levels did not materialize. Indeed, net resource flows to Africa, in real terms, actually declined from $24.6 billion in 1986 to $23.3 billion in 1990. Official development assistance (ODA) stagnated, in real terms, at around $16 billion annually during 1986-1989, while private flows fell sharply.

19. Specific issues and concerns of the United Nations Programme of Action were not always dealt with satisfactorily. Africa's debt and commodity problems were not dealt with adequately, resulting in Africa becoming more indebted by the end of the Programme than at its inception, and earning a much diminished income from an increased volume of commodity exports.

C. Performance of the African economy

20. In the light of the above, it is not surprising that the performance of the African economy during the period of the United Nations Programme of Action remained highly unsatisfactory. Although there were variations between countries, the average rate of growth of the gross domestic product (GDP) of the region improved somewhat during the period of the United Nations Programme

of Action, but still averaged only 2.3 per cent per annum. The result was that GDP per capita fell by an average of 0.7 per cent per year and was lower at the end of the period of the United Nations Programme of Action than at the beginning. Moreover, the year-to-year growth rates of GDP were erratic. Gross domestic investment, as a percentage of GDP, remained at low levels and actually declined, from about 23.9 per cent in 1980 and 19.2 per cent in 1986 to 17.6 per cent in 1989. Gross domestic savings stagnated at around 16 per cent during 1986-1989, compared with 24 per cent in 1980.

21. While the experience of individual countries varied, conditions in Africa during the second half of the 1980s generally reflected a regression in the living standards of the people, as reflected by the continuing decline in GDP per capita over the period under review. Social conditions worsened considerably, with deterioration in the areas of education, health, nutrition, employment and incomes, with especially serious effects on children, youth and women. Expenditure cuts contributed to the decline in health, education and other social services and to making access to these services more difficult for the poor. Weaknesses in domestic policy and attempts to correct them through devaluations and a squeeze on wages caused sharp falls in real incomes, which, in turn, lead to a breakdown in labour specialization and an "informalization" of the economies, with serious consequences for productivity, motivation and accountability. The exodus of highly trained workers had a demoralizing effect in various countries, while available talent were often poorly utilized.

22. This unsatisfactory performance is due to the underdeveloped structures of the African economies, a host of internal and external factors, and the failure to promote and adequately support the priority sectors of the United Nations Programme of Action.

23. Consequently, there was scarcely any change for the better in the structure of the African economies during the period of the United Nations Programme of Action. The lack of dynamism in those economies and their susceptibility to internal and external shocks persisted. The recurrence of drought in many parts of Africa, political instability, civil strife, military conflicts, weak institutions and less than effective policies to mobilize and utilize domestic resources continued to be both cause and consequence of the poor economic performance of most countries.

24. Economic performance and efforts to improve it were particularly undermined by: an unfavourable external environment; much reduced export prices and earnings, while the prices of imports continued to increase; a crippling debt and debt-servicing burden; and, in the light of the above, entirely inadequate net resource flows.

D. The challenge for the 1990s and beyond

25. The situation of Africa is as precarious today as it was prior to the United Nations Programme of Action. There remains an urgent need for a major drive by African countries to reverse the socio-economic deterioration and put

the continent on the path to sustained growth and development. This growth must be environmentally sustainable and development must be human oriented, with the effective participation of the African people in the development and the democratization of policy and society.

26. The African countries have shown determination to tread this path. The adoption of the African Charter for Popular Participation in Development and Transformation, 4/ and the Declaration of the African Heads of State and Government of OAU at their 1990 summit on the political and socio-economic situation in Africa and the fundamental changes taking place in the world, are significant landmarks. These and other encouraging initiatives must be sustained. In this regard, one of the most important developments over the period of the United Nations Programme of Action has been the enhanced role played by non-governmental organizations, particularly African, in promoting grassroots development in Africa.

27. In the light of the experience of the past five years, what can be said about the future? Africa does not lack regional and sectoral strategies, or agreed upon policy frameworks for meeting the challenges that confront it. Africa has charted its own path for development and transformation, as well as the democratization of development and society, through basic documents such as the Lagos Plan of Action and the Final Act of Lagos; the African Alternative Framework to Structural Adjustment Programmes for Socio-Economic Recovery and Transformation (AAF-SAP) 5/ and the African Charter for Popular Participation in Development and Transformation. 4/

28. Furthermore, a majority of African countries have carried out policy reforms aimed at improving efficiency and the allocation of resources. These measures continued to be pursued, despite their often high political, social and economic costs, and have shown some positive results. By 1990, declines in economic output and in the delivery of social services had been slowed in many countries and even partially reversed in some. The ability to deploy additional resources effectively is stronger now than when the United Nations Programme of Action began. But the continuation of these reforms, as well as of the implementation of the African strategies cited above, is being jeopardized by the lack of even minimally adequate resources. Neither socially nor politically can this reform effort be sustained without improvements in public services and a gradual rise in real incomes becoming apparent to African consumers and voters soon.

29. In any event, it is clear that even the fullest possible reform and restructuring of African economies could not generate the resources required for sustained economic recovery for the 1990s. Africa therefore needs an international framework of cooperation. It needs to focus on the paramount issues, the solution of which, will enable Africa to implement successfully its regional and sectoral strategies and programmes. A new compact for African development in the 1990s must be forged by Africa and the international community to support Africa's development strategies. And by eliminating various internal and external impediments, Africa can rid itself of the obstacles that hinder the hoped-for realization of those strategies.

It is up to African States to take the lead in defining this framework, in collaboration with their development partners. It is important, however, to learn from the experience of the United Nations Programme of Action and to focus on a set of objectives, issues and measures which must and realistically can be tackled in the 1990s. Not doing so would undermine the process of democratization and economic reforms now underway on the continent.

E. A new compact for African development in the 1990s

30. The results of the United Nations Programme of Action did not meet the expectations of the African peoples. However, the political and human solidarity with Africa, to which the General Assembly gave expression in 1986, continues. This historic "compact", burnished by the difficult learning experiences of the 1980s, should be maintained and revitalized through the 1990s. But this time, it must be more explicit, with specific sets of actions to be implemented by Africa, Africa's increasing number of development partners, as well as by the agencies of the United Nations system.

31. There is no need to renegotiate the overall objective of laying the foundation in Africa for sustained development. Africa's current economic situation, rather, calls for the establishment of targets and measures within an updated action programme that focuses on the elements that are critical for sustained development in Africa in the 1990s.

F. The elements of a global compact

32. The renewed global compact for the 1990s should contain specific operational measures to attain clearly identified goals. Three essential goals that must be achieved throughout the continent should be:

(a) Economic transformation and diversification;

(b) Sustained development, including an acceleration of the rate of growth of GNP to at least 6 per cent per annum;

(c) Enhanced human development, with rapid progress towards human-oriented goals by the year 2000 in the areas of: employment, life expectancy, women's development and equal status, child and maternal mortality reduction, nutrition, shelter, health, water and sanitation and basic education.

33. In order to double per capita income, Africa and its development partners must strive for the target of a 6 per cent annual growth rate over the next 24 years. This allows for an increase of about 3 per cent per annum in consumption for the continent. It would still mean, in the case of sub-Saharan Africa, an average per capita income of only about $700 by the year 2015, about double that of 1990, and some 60 per cent above the real level of 1980 after allowing for declines over the 1980s. A 6 per cent growth rate was achieved by 17 individual African countries for one or more of the

eight-year periods: 1965-1973; 1973-1980; and 1980-1987. To achieve that growth consistently, African countries must dramatically raise gross domestic capital formation above current levels. This will require that African countries deal effectively with taxation, the utilization of resources and capital flight.

34. African countries have to continue adjustment efforts within a long-term framework, with the objective of achieving structural transformation, development and modernization of their economies. Within this process of structural transformation, which must be broadened and deepened by, inter alia, financing it adequately, African countries need to focus on the following priority areas in the 1990s:

(a) Greatly increased investment in human development;

(b) Policies at the regional, national and global levels, which integrate environment, population and food production;

(c) Enhanced efforts at regional integration and cooperation and better governance.

35. To achieve a 6 per cent annual growth rate, the international elements of the compact must include enhanced financial flows. It is therefore indicated that Africa requires in 1992 a minimum of $30 billion in net official development assistance (ODA), plus further significant reductions in external debt service. Net ODA should increase on a cumulative basis at 4 per cent per annum, up to the year 2000.

36. Even more important than aid flows, is the need for a bold attempt to tackle Africa's debt problem. It is simply not possible for African countries to develop under an existing debt burden exceeding $270 billion. The servicing of that debt alone currently consumes over 30 per cent of total exports, with the average loss nearing $21 billion per annum. However, only about 60 per cent of the debt service due has in fact been paid. The balance is accounted for by reschedulings, which largely roll payments forward, and by the build-up of arrears. Debt write-offs and write-downs must address not only the debt now being serviced, but also the debt overhang created by payment obligations being rolled forward and from the accumulation of arrears. Since 1987, some new thinking and initiatives have emerged on this issue, with some major donors cancelling portions of their African debt. These actions, although modest, do represent a growing consensus among the official bilateral community, namely, that it is essential not only to reschedule but also to reduce the stock of debt. For example: the recent cancellation of $7 billion of Egypt's debt and forgiveness of 70 per cent of Poland's debt to the United States of America indicates that bold measures can be taken. The grave situation of African debt requires exceptional measures. It is therefore proposed that:

(a) Official bilateral debt be cancelled;

(b) Semi-official/export credit debts owed by African countries should also be cancelled;

(c) Private/commercial debt, which is already highly discounted on financial markets, should be written down and the remaining debt reduced through donor-supported initiatives which could include elements such as debt-equity swaps, debt for environment schemes and poverty alleviation;

(d) Debt owed to multilateral financing institutions, which now accounts for a substantial part, almost 40 per cent for sub-Saharan Africa, of the continent's debt-servicing obligations, should be substantially reduced with the assistance of donor countries.

37. An improvement in commodity prices would immediately enhance resource availability to African countries. Foreign aid during the last five years was hardly sufficient to cover losses incurred as a result of falling commodity prices. A number of schemes to compensate for sudden shortfalls in commodity earnings are available to assist countries, including the Common Fund for Commodities established under the Integrated Programme for Commodities. However, access to most of these resources is subject to meeting strict conditions and often funds are loaned at a relatively high cost. There is a need for renewed efforts at international cooperation among consumers and producers, especially regarding coffee and cocoa, with a view to alleviating the problems faced by African producers. Diversification provides a major way out of commodity export dependence and its related problems. The study on the implementation of diversification in the commodity sector in Africa at the national, subregional and regional levels with the support of the international community, which will appear as an addendum to the present report (A/46/324/Add.1), offers a number of concrete suggestions, including creating a diversification fund. Additional resources will be required to support diversification programmes, through increased contributions by the international community, as well as more efficient domestic resource mobilization.

38. The compact for the 1990s needs to be accompanied by specific country-by-country targets and commitments. At the country level, this might involve:

(a) The country committing itself to some specific development goals;

(b) A small core of three to five donors agreeing to provide long-term support to the country;

(c) Specific measures agreed upon, providing for extra support should the present depressed commodity prices continue or fall further, or, should changes in the external environment adversely affect the fulfilment of the country-level compact. These compacts should be negotiated with all African countries.

G. Conclusion

39. Many important lessons have been gained from the experience of the past five years and, already, a broad consensus on priorities has begun to emerge. From the fundamental starting point that people are both the means and the end of the development process - which makes human development a priority - elements of an agreement are taking shape that would include: the need to increase agricultural productivity and food security; an enabling environment - political and legal - to foster initiative and enterprise; an expansion of productive, employment opportunities; empowerment of people, good governance and accountability; action on regional economic integration; and above all, that short-term adjustment measures are embedded within a long-term perspective of structural transformation.

40. While there may be room for further debate on the ways in which some of these items are pursued, this consensus achieved during the period of the United Nations Programme of Action can be the basis for future international collaboration. In order to surmount the grave challenges facing Africa, Member States and all other development partners of Africa must fully utilize the opportunity provided by the final review of the Programme of Action to reach firm decisions on how cooperation between Africa and the international community can be improved during this decade. A renewed compact between Africa and the international community must be one that is fully observed and implemented by all parties.

III. REVIEW AND EVALUATION OF THE IMPLEMENTATION OF THE UNITED NATIONS PROGRAMME OF ACTION FOR AFRICAN ECONOMIC RECOVERY AND DEVELOPMENT 1986-1990 BY THE AFRICAN COUNTRIES, INTERNATIONAL COMMUNITY, NON-GOVERNMENTAL ORGANIZATIONS AND THE UNITED NATIONS SYSTEM

A. Response of the African countries

1. Introduction

41. In adopting the United Nations Programme of Action for African Economic Recovery and Development 1986-1990 in 1986, the African countries committed themselves to providing the necessary framework for launching long-term sustainable socio-economic development and growth by implementing Africa's Priority Programme for Economic Recovery 1986-1990 (APPER). These priorities were: fostering agricultural development; rehabilitating and developing sectors in support of agriculture; combating drought and desertification; developing human resources; and putting into effect fundamental policy reforms.

42. This analysis of the response of the African countries in these areas is based on information obtained from questionnaires sent to member States of the Economic Commission for Africa (ECA) in the last quarter of 1990, which were followed up by missions. In addition, data from national sources was compared to, and complemented by, that of international databases. Forty-eight countries responded to the questionnaire, a much greater number than in the survey conducted for the mid-term review on the implementation of the United Nations Programme of Action in 1988. Countries not covered were Namibia, which only recently became independent, and Liberia and Somalia, which were involved with internal conflicts.

43. Compared to the mid-term review, a much clearer picture of development has emerged. The majority of African countries have undoubtedly taken actions since the mid-1980s to implement structural adjustment programmes (SAPs) and, at the same time, have striven to implement policy reforms reflecting the priorities of the United Nations Programme of Action. Yet, the transformation of the African economic structures remains a painfully slow process, and therefore, socio-economic conditions have yet to show any signs of a marked improvement.

44. The major factor which militated against close adherence to the United Nations Programme of Action-inspired national measures was that the SAPs, with their emphasis on short-term fiscal and monetary balances, did not provide in many respects, a proper basis for a long-term oriented approach to restructuring and transforming the African economies. The negative social impact of these programmes can clearly be identified as one of the major factors working against the achievement of the goals of the United Nations Programme of Action in the field of human development. Recently, attempts have been made to mitigate some of these negative impacts.

45. Instead of operating in an environment that would become increasingly conducive to relaunching a genuine development agenda, many African countries found themselves with ever-increasing resource constraints as export earnings diminished, while debt-servicing obligations increased. This situation was compounded by the fact that major bilateral donors tied the provision of financial and technical assistance to a strict adherence to SAPs. The general setting for putting many policies inspired by the United Nations Programme of Action into operation has thus been problematical and unfavourable.

2. Policy reforms

46. Almost all African countries have taken measures to improve the management of their economy. Four fifths attempted to implement other policy measures, such as monetary and fiscal reforms. Population policies have been formulated by 90 per cent of the countries and attempts to improve the participation of people in development were cited by 63 per cent. Policies to incorporate women into the development process have been reported by 76 per cent of the countries.

47. Regarding economic reforms, two thirds of the responding countries, which were asked for a subjective rating, indicated that they had achieved a moderate to high rate of implementation and half of those reported that the relative impact of the implementation was moderate to high. With respect to social reforms, half of the countries considered that implementation of those reforms was moderate to high and about one third indicated that the resulting impact was moderate to high. Finally, nearly two thirds of the countries reported a moderate to high degree of implementation of political reforms and half reported medium to high impact resulting from the adopted reforms.

(a) Improving the management of the economy

48. The United Nations Programme of Action placed great emphasis on improving the structure and functioning of the public sector and its services. It was expected that countries could generate or reallocate resources for development by greater mobilization of domestic savings, improvement of financial management, including debt and development aid, and by increasing the efficiency of the use of resources. The positive role of the private sector was to be encouraged.

49. In 70 per cent of the countries reporting, measures were taken for improving and strengthening public management systems, institutions and practices. Reforms in institutional systems were introduced in over a third of the countries by restructuring, decentralizing and reducing the size of the civil service and making civil servants more accountable. Other reforms were related to strengthening and coordinating activities of the ministries and government agencies responsible for the formulation, implementation and evaluation of policies. Over half of the responding countries developed two-year or three-year investment programmes and consolidated their budget and debt management systems.

50. Some 80 per cent of the countries implemented financial reforms to correct the budget deficit by reducing and redirecting public expenditure in order to mobilize domestic savings and improve resource allocation. Nearly half of the reporting countries have increased revenue through improved tax collection procedures, as well as by abolishing tax exemptions and reductions. In half the countries, the measures adopted were aimed at the reduction of public expenditure. Eleven countries stated that this has led to redundancies among existing public service staff and a freeze on new recruitment.

51. Actions to promote the private sector included reducing the role of Governments in the management of public enterprises. Some 44 per cent of the reporting countries have denationalized, privatized or liquidated some of their public enterprises. In addition, measures have been taken in nearly half of the countries to transfer to the private sector the marketing and transportation of all products, to adopt attractive investment codes and to establish a free industrial zone for both nationals and foreigners.

52. One of the most important factors constraining recovery and development and constituting an immense drain on resources is the external debt, which has not lessened but increased during the period of the United Nations Programme of Action. Debt servicing continues to absorb resources which otherwise would have been used to give renewed impetus to agriculture, industry, infrastructure and human development. In spite of efforts to reduce African countries' debt burden, including official debt forgiveness, rescheduling of official and commercial debt through the Paris and London Clubs, respectively, the aggregate result did not have a significant impact.

(b) Other policy measures

53. Policy reforms to improve management of the economy have often been supplemented by other policy measures, particularly in the monetary and fiscal areas. The United Nations Programme of Action, taking into account policy experiences in the pre-1986 period, had explicitly urged policy makers to apply these measures with prudence and, in general, to orient them increasingly towards the long term.

54. In 80 per cent of the reporting countries, the policy reforms included: exchange rate adjustments, changes in interest rate mechanisms; wage and salary reductions; and the widening of tax-bases, all of which were aimed at moderate monetary expansion and reducing the international payments imbalance. Credit controls have been introduced in more than half the countries, mainly through a squeeze on bank credits and money supply. Nearly a third of the reporting countries, in addition to other monetary measures, also applied exchange control mechanisms. Many of them were obliged to devalue their currencies in order to stimulate exports and make domestic manufactures more competitive. Over half of the reporting countries also reported liberalization of interest rates. With respect to the fiscal reforms undertaken by over two thirds of the reporting countries, it should be noted that tax bases in the African countries are still narrow, while revenue from tariffs is subject to fluctuations in the international commodity markets.

55. In addition to the above-mentioned measures, several countries pursued the following objectives: a drop in inflation, higher rates of savings, remunerative prices for farmers, reduction of subsidies, export competitiveness, improvement in balance of payments, better control of money supply, switching of credits from the public to the private sector and increased tax revenue.

56. The factors contributing to the successful implementation of these policies include: the determination of Governments to succeed with such reforms, financial support from international institutions, control of inflation and a fixed exchange rate. Factors impeding the implementation include: the underdeveloped monetary and banking systems, lack of adequate savings, credit control and money supply problems, high rates of inflation, exchange rate problems and low international commodity prices. Eleven countries intended to take corrective measures, such as the arrest of the growth in money supply, containment of inflation, strengthening of the balance-of-payments situation, fiscal reforms, devaluation, requests for external loans, creation of incentives for entrepreneurs, removal of credit controls and their replacement with open market operations.

57. In the United Nations Programme of Action, it was urged that "in the coming years short-term adjustment measures should give way to the medium-term and long-term structural transformation" (General Assembly resolution S-13/2, annex, para. 11 (e) (ii)). Over half of the implementing countries reported that their development plans were so directed, either through a sequence of rolling medium-term (five-year or three-year plans) or modular long-term (10-year) plans. A quarter of the reporting countries stated that they did not accept short-term SAPs, but only medium-term ones. Many countries clearly expressed their intention to aim for medium-term and long-term structural transformation, but expressed grave doubts about whether policies to pursue sustained growth and sustainable development could be fully implemented, given the severe impact of the volatile international economic situation on African economies and in the light of acute shortages of resources to implement such programmes.

(c) Population policy

58. The Kilimanjaro Programme of Action on Population, 1984, had called, inter alia, for addressing the issues of high fertility and mortality, rapid urbanization, rural-urban and rural-rural migration, the problems of children and youth and the protection of the environment in a manner that would ensure compatibility between demographic trends, appropriate land utilization and settlement patterns and the desired pace of economic growth and development. Countries should also attempt to achieve a rate of growth for food production that is at least equal to the population growth rate, within the shortest time possible.

59. Nearly 90 per cent of the responding countries have adopted an implicit or explicit national population policy. Two thirds of these countries have established national population institutions and mechanisms for increasing

public awareness and are integrating demographic variables in development planning. Other policy measures dealt with efforts to reduce fertility through family planning, with special attention given to child spacing and contraceptive methods. A lowering of the mortality rate was pursued through maternal and child health care and immunization programmes (about two thirds of the countries). Efforts to achieve compatibility between population growth and the natural resource base took the form of migration and redistribution of the population (10 countries), protection of the environment (13 countries) and formulation of comprehensive rural development policies to stimulate agricultural production and economic growth (15 countries). The findings of the United Nations Population Fund (UNFPA) in Africa show that 21 countries have policies to reduce rural-urban migration.

60. As most of these measures have been implemented only recently, their impact is still difficult to assess. However, in a third of the countries pursuing these policies, some effects have begun to be felt. Yet over all, the African population still continued to grow at an annual rate of 3.1 per cent, clearly outstripping the growth in food production and GDP. Socio-cultural traditions and religious beliefs, illiteracy, lack of financial resources and health facilities, and low household incomes were named as hampering the progress of population policies. Countries reported that some of these problems could be addressed by having better surveys on demographic variables for integration in development planning (16 countries), reformulation of strategies on national population policy (14), rehabilitation of health facilities (11) and reformulation of agricultural strategies to improve production (10 countries). Public awareness of the socio-economic and environmental problems caused by rapid population growth has increased, but much greater efforts are required in this area.

(d) Participation of people in development

61. Here, the primary concerns of the United Nations Programme of Action included: ensuring the effective participation of the people in all dimensions of development; developing indigenous entrepreneurial capabilities, both in the private and public sectors; and establishing a sound basis for political, economic and social justice. In the African Charter for Popular Participation in Development and Transformation, adopted at Arusha in 1990, 4/ these intentions were carried further by calling for the emergence of a new era in Africa - an Africa in which democracy, economic justice and development for transformation become internalized and the empowerment of the people, initiative and enterprise and the democratization of the development process are the order of the day in every country.

62. Measures taken by African countries for ensuring effective participation of the people in development include: community development, grass-roots participation and village and district development programmes (half of the reporting countries), the promotion of indigenous entrepreneurial capabilities, both for the private and public sectors; and measures geared towards establishing a sound basis for political, economic and social justice through strengthening of informal education systems. Over half of the

implementing countries cited women's associations as the driving force behind the implementation of such projects.

63. The reported results are encouraging. A growing number of self-help projects, from formal and informal groups of entrepreneurs to an increasingly active participation in development by communities (health care, education, water and roads, etc.), were reported by nearly 40 per cent of the implementing countries.

64. Success was seen to hinge on the commitment and determination of the people to get involved in national development. Major impediments were the lack of financial resources, a weak productive base, and the lack of properly developed skills and infrastructure. Natural disasters, a generally unfavourable external environment and the local security situation also impeded progress in a number of countries.

(e) Women and development

65. The United Nations Programme of Action recalled the "Arusha Forward-looking Strategies for the Advancement of African Women Beyond the United Nations Decade for Women" (see General Assembly resolution S-13/2, annex, para. 111 (e) (v)). It recommended that the role of women in development must be taken seriously into account in development planning and in the disbursement of resources, both as contributors to, and beneficiaries of, development efforts. It emphasized the need for recognizing and encouraging the pivotal role of women as food producers on the continent.

66. Nearly 80 per cent of the responding countries reported on specific policy measures for promoting the involvement of women in development. Institution-building was seen as a major tool: over three quarters of the reporting countries established women's units and departments. The involvement of women in national development was sought through their integration and assimilation in national political and policy institutions, the removal of cultural barriers and the establishment of a health-care structure. Training programmes for women, through formal and informal literacy campaigns and technical or vocational skills-building programmes, were identified as being crucial by about two thirds of the reporting countries. The pivotal role of women in food production in the continent is being increasingly recognized and, in this regard, special emphasis has been placed on women extension agents and the establishment of women's cooperatives and distributive networks. Non-governmental organizations were identified by over half of the reporting countries as the driving force behind the implementation of all these projects, with religious, cultural and cooperative groups also playing an important role.

67. Tangible results of these policy reforms were an increased female participation in education and development projects (nearly one third of the countries), evidence of higher skills and incomes and an increase in the number of women entrepreneurs (one quarter of the countries).

68. Nineteen countries reported positive results from legislation assisting women, the creation of women's affairs departments and units within the government and the political involvement of women. A great resolve, action on the part of the government and the acceptance of women's full participation by the society was cited in nearly 40 per cent of the countries. Among the most important factors which impeded the successful implementation of the reforms in the countries reporting were inadequate training, management or technical skills (25 per cent), the lack of capital or credit facilities (18 per cent) and cultural or religious attitudes (22 per cent).

69. For the future, five countries envisaged the formulation of a national policy on the status of women. Change of legislation, improvement in training skills and increase in funding were also foreseen in nine countries, and some expected that the pursuit of women's literacy schemes would eventually translate into long-lasting results.

3. Priority sectors

70. All countries responding to the questionnaire reported measures to improve the agricultural sector during the period 1986 to 1990. And, as many countries had just emerged in 1986 from one of the worst droughts in African history, a priority was to establish actions to combat food emergencies. These included such efforts as instituting early warning systems and national emergency preparedness programmes. Medium-term measures were to give renewed promotion to agricultural development in order to achieve increasing levels of productivity and production. And, inter alia, they sought to raise the level of investment in agriculture, increase food and livestock production, enhance the use of arable land and improve pricing and credit policies. Two thirds of the African countries also made greater efforts to improve sectors in support of agriculture, including the development of agro-related industries, the improvement of transport and communications and of the trade and finance sectors. Again, two thirds of the countries reported policies to combat drought and desertification, by promoting afforestation, soil conservation and increasing the availability and quality of water and energy resources. Four out of five countries have specific policies for the development and better utilization of their human resources, for example, the improvement of the education and health sectors, the expansion of employment opportunities, the promotion of the socio-economic role of women and youth, and the elimination of the brain drain.

(a) Agriculture

71. African countries have increasingly accorded priority status to agriculture in their national development plans and policies and have focused on mobilizing additional resources, internally and externally, for the sector. Of the reporting countries, 24 earmarked 20 per cent to 25 per cent of public investment for agriculture.

72. Despite the adoption of measures specified in the United Nations Programme of Action, food security continues to elude many African countries. Throughout the period of 1986 to 1990, food shortages were present at some point in one or more of the subregions. Particularly hard-hit were those countries which experienced a combination of drought and civil strife. These forces gave rise to refugees and a large number of displaced people.

(i) Immediate measures to combat food emergencies

73. About 80 per cent of the countries have adopted emergency food policies and 60 per cent reported improved food-storage facilities. Half the countries have instituted early warning and emergency preparedness systems and 40 have strengthened their agricultural research efforts.

74. However, the region's ratios of self-sufficiency in food and agricultural commodities continue to show a downward trend: the self-sufficiency ratio (SSR) for food commodities dropped from 92 in 1980 to 85 in 1990, while that of agricultural commodities went from 99 to 92 over the same period. Most African countries, therefore, had no alternative but to rely on food imports and food aid. By 1989, the value of food imports purchased was more or less at its 1981 level. During the period 1986-1990, the amount of cereal food aid received by the region increased from 5.9 million tons in 1986 to 6.3 and 6.2 million tons in 1987 and 1988, then fell to 4.7 and 4.6 million tons in 1989 and 1990, respectively. This, of course, was related to the incidence of drought and other emergencies. Even allowing for these, food security still remained an elusive goal for many countries.

75. The capacity to respond to food emergencies was considerably hampered by poor transport facilities, inadequate storage structures, absence of strategic food reserves, and the virtual non-existence of emergency funds at all levels. Countries thus relied increasingly on bilateral donors or United Nations agencies for emergency assistance. Collaboration among national and subregional early-warning systems remained at a rudimentary level.

(ii) Medium-term measures

76. Countries reported an impressive range of policies and measures to boost agricultural production. Some 80 per cent have substantially raised the share of agriculture in public investment, undertaken measures to restore, protect and develop arable land and adopted policies to improve livestock production. Nearly 40 per cent of them adopted policies to rehabilitate or conserve their natural resources and about half embarked on soil conservation and forestry development. About 30 per cent promoted greater use of agricultural inputs, while a quarter of the countries expanded the utilization of low-cost, simple agricultural technologies. Action to control deforestation and bush fires, a major factor behind falling agricultural output in some areas, has been taken by 12 countries.

77. Special attention was accorded to the implementation of incentive schemes, better credit facilities and pricing policies. About a quarter of

the countries liberalized trade in agricultural commodities, abolished export taxes and reduced import taxes on agricultural inputs. They also eliminated or decreased subsidies and price controls. In a bid to stimulate agricultural production, prices have been announced well ahead of planting seasons. One fifth of the countries adopted policies to encourage private sector investment, and the role of women and grass-roots initiatives in agricultural development has found increased recognition and has been reflected in greater technical and institutional support.

78. Between 1986 and 1990, African agricultural production grew at an annual rate of some 3 per cent, according to the Food and Agriculture Organization of the United Nations. On a per capita basis, Africa recorded an annual decline of 1.7 per cent over the period. The trend in the per capita food production index was even more disappointing, registering a drop from 99 in 1986 to 92 in 1990, where the average annual production for the period 1979-1981 equals 100. With the exception of North Africa, all regions performed weakly, with no less than 34 countries showing a decline in per capita food production since 1986.

79. The agricultural sector of African countries continues to be highly vulnerable to external factors which are, at least in the short-term, largely beyond their control. Half of the countries stated that their production levels depended on the vagaries of the weather and were vulnerable to natural disasters such as floods and typhoons. About one quarter of the countries had been afflicted by insect infestations (for example, locusts) and crop diseases.

80. Other oppressive factors were ascribed to various capital, input, infrastructural and market constraints. Low agricultural productivity was linked to poor soil quality and deficient land management, a lack of mechanization, fertilizers and a generally low level of techniques and technology. Three countries emphasized that the rural exodus, with the ensuing problem of an over-aged rural population, was having an increasingly negative impact. Deficient storage and distribution systems, as well as downward pressure on prices - both domestic and for export crops - were cited by several countries. The region's export earnings from agricultural commodities, which had amounted to $US 11.25 billion in 1986, had, by 1989, declined to $US 10.14 billion.

81. The disappointing overall picture did not, however, preclude progress in individual countries where the climate, infrastructure and market conditions were more favourable. There were positive effects from an increase in real producer prices and government incentive schemes. Fourteen countries reported benefits from raising their levels of investment in agriculture and from improving food storage capacities.

(b) Other sectors in support of agriculture

82. Laudable efforts were undertaken by African countries to promote the rehabilitation and development of agro-related industries. Progress was constrained, however, owing largely to external factors, most notably the lack

of available foreign exchange to acquire spare parts and raw materials. This negated full utilization of facilities so that maximum capacities could not be reached to meet ever-growing demand. In most African countries, where agro-processing is the most important manufacturing subsector, accounting for at least 50 per cent of manufacturing value added, policy shifts tended to emphasize the liberalization of operating conditions, the reduction of government ownership and control, the development of small-scale and medium-scale industries using local raw materials and the strengthening of domestic input-output linkages. The expansion of the subsector was, however, small, as low-income groups could not afford processed food and the export potential for processed goods remained limited.

83. No uniform continental trend could be discerned that gave evidence of a general rise in the value added in agro-related industries, owing to the wide fluctuations at instant market prices. The overall expectation, that African countries would be able to increase progressively exports of processed and semi-processed materials with greater value added, did not materialize. The growth of Africa's agro-industries was hampered by inadequate agricultural, industrial and economic policies; weak integration between agriculture, manufacturing and trade; conceptual mistakes in the establishment of enterprises, as well as technological and infrastructural deficiencies. In spite of the measures taken by countries to accelerate the development of agro-based industries, the subsector has, in general, performed poorly during the 1980s when measured against the targets set in the Lagos Plan of Action, the Industrial Development Decade for Africa and the United Nations Programme of Action.

(c) Transport and communications

84. Despite the efforts made to improve and expand the performance of African transport and communications systems, the efficiency of these subsectors is generally far below international standards, even when compared to other developing regions. While infrastructure and equipment were deteriorating, the costs for transport and communications were high. Africa's transport and communications network density is the lowest in the world.

85. Road, railway and inland water transport problems have largely remained the same during the period under review. There persists a substantial backlog of road maintenance and rehabilitation, weak institutions and an inadequate road network. The present road length averages only 5 km per 100 km^2 as opposed to 12 km per 100 km^2 in Latin America. Rail and inland water transport are in need of regional inter-connection and technical improvements to increase performance and development of human resources in the two subsectors. Since 1986, African countries have, however, intensified programmes to reach self-sufficiency in the production of spare parts for road and railway equipment and modern production methods have been adopted by many.

86. Maritime and air transport both performed poorly. Africa's shipping fleet remained grossly unbalanced, owing to the predominance of the traditional non-competitive and technically outdated general cargo merchant

fleet over the container fleet. In addition, oil tankers and bulk carriers dominate the industry. Contrary to the global trend, maritime freight costs, as a percentage of the value of African imports, increased between 1986 and 1988. Management deficiency in maritime transport was seen as a major factor explaining this increase. In order to provide necessary restructuring of the African airlines industry, a three-phase action programme has been spelled out in the "Yamoussoukro Declaration on the New African Air Transport Policy".

87. The telecommunication sector, in spite of clear improvements during 1986-1990, continued to lag far behind other developing regions. Africa's telephone density in 1988 was the world's lowest, with 0.72 miles of line (ML) per 100 inhabitants, versus 5.87 ML per 100 inhabitants in Latin America. Some African countries (Kenya, Nigeria, Morocco, Ethiopia, etc.) have recently embarked on local assembly of telephones with imported components, a labour-intensive endeavour. Efforts to improve broadcasting and press services have been more successful and the media have an important role to play, both in education and in increasing popular participation in development.

(d) Trade and finance

88. Nearly all African countries had adopted and were implementing policies in the area of trade and finance. These included higher price incentives for agricultural products; price decontrol for consumer goods; and liberalization of marketing and distribution and, in some cases, of financial services.

89. In the agricultural sector, for example, a number of African countries improved significantly the nominal levels of producer prices. However, these gains were often eroded by high inflation rates and the removal of agricultural subsidies for key inputs. Changes in nominal producer prices in the 1980s were thus not able to provide adequate incentives.

90. Trends in domestic, intra-African and international trade, even though improving over the 1980-1985 period, did not meet expectations. During the years 1985-1989, the volume of exports of African countries increased on average by only 2.5 per cent, while imports, affected during the period of the United Nations Programme of Action by the debt overhang and foreign exchange shortages, decelerated from an annual average growth rate of 1.5 per cent during 1980-1985 to 1.2 per cent during the latter half of the 1980s. Intra-African trade remained marginal at approximately 6 per cent of total African trade. Domestic trade in many African countries was affected by inhibited agricultural output, severe dilapidation of the infrastructure, austerity measures and low priority accorded to this subsector in many government expenditure programmes. Accordingly, internal distribution channels often act as severe bottlenecks to domestic trade.

91. Recognizing the importance of integrating subregional and regional markets, the Union of the Arab Maghreb was created during the United Nations Programme of Action. Also, existing groups, such as the Economic Community of West African States (ECOWAS) and the Preferential Trade Area for eastern and southern African States (PTA) have been involved in trade liberalization and

expansion aimed at integrating their economies. Complementary institutions have been created at the subregional level to facilitate transactions, including clearing and payment arrangements.

92. During the period of the United Nations Programme of Action, efforts were accelerated to achieve Africa's economic, monetary and financial integration. The Treaty for the establishment of the African Economic Community was signed by the African Heads of State and Government of OAU on 3 June 1991, during their summit at Abuja, Nigeria. Progress on the establishment of an African Monetary Fund has, however, slowed as the prevailing economic and monetary problems facing African countries have hampered the effort. A review after a period of five years has been suggested by a Ministerial Committee of OAU.

(e) Drought and desertification

93. In 1986, when the United Nations Programme of Action was launched, Africa was only just beginning to recover from the effects of widespread drought. Since then, although rainfall has been more reliable in most countries, food shortages have emerged every year in some parts of the continent, most often caused by a combination of drought, civil strife and the ever-increasing growth of human and animal populations. These factors have contributed to the presence of refugees and displaced persons, whom, in turn, have put overwhelming pressure on the fragile ecosystems.

94. By and large, every country in Africa has urgent problems with deforestation, soil degradation and deterioration of water resources. Three quarters of the African countries have responded to these problems by developing policies for energy and natural resource management. A fifth of the countries now have national policies to improve efficient management of energy, especially for wood and charcoal, as well as to harness renewable sources such as hydro, solar and biomass. Five countries specifically reported on their national conservation strategies.

95. Afforestation is replacing, on average, less than 7 per cent of the trees felled. North and east Africa have the best records, but in 14 countries reforestation replaces less than 1 per cent of the area felled. In some countries, fuelwood will soon be unavailable unless massive replanting is undertaken. Almost half the countries have tried to improve the management of water resources. A quarter are giving priority to constructing boreholes and wells and to improving rural water supplies. A few countries have developed integrated water management policies. Development of irrigation schemes has been reported by a sixth of the countries. While soil erosion and degradation, caused mainly by poor agricultural practices, are leading to drastic declines in soil fertility, deterioration in water retention capacity, low crop yields and to increased pressure on the land, less than half of the countries reported any action. The United Nations Sudano-Sahelian Office (UNSO) conducted a survey in 1989 with similar findings of continuing desertification, especially deforestation and soil degradation. Apart from techniques for soil protection and enhancement, such as terracing, construction of bunds or other structural methods, countries reported the use

of contour ploughing and grass strips, the encouragement of inter-cropping, crop rotation and fertilizer use. Some countries reported on their dune stabilization programmes.

96. The eventual success of most policies for protecting natural resources can only be evaluated in the long term. Among the prerequisites for success repeatedly mentioned by the countries are the support and involvement of the local people, whether developed through education and awareness campaigns, or beginning with local initiatives or proposals. Other factors included strong government support, introduction of appropriate technology, cooperation between both governmental and non-governmental organizations, availability of inputs and application of relevant research findings. Failures were due to lack of funds, research and technical knowledge, lack of support from the local people, shortage of materials, poor maintenance and management. There is a growing awareness that long-term programmes with a sustained commitment could carry more importance than isolated short-term projects. Cooperation among countries remains, however, mostly marginal and requires much greater attention. The implementation of plans such as the United Nations Plan of Action to Combat Desertification needs to be given more attention.

(f) Human resources development, planning and utilization

97. Human resources should be the central focus of development and planning. Although most countries have recognized this need, the lack of adequate financial resources has meant that little progress has been made in this sector. In the context of SAPs, public sector employment freezes were reported (19 countries), as well as laid-off workers, frozen wages and salaries (16 countries) and cuts in wages. The level of real governmental wages paid, in African countries, have been reduced by more than half in the decade of the 1980s. Reduction or removal of subsidies on education, health and public utilities were reported by 17 countries, as well as reductions on food (11 countries), the levying of user fees for education (15 countries) and health (17 countries).

98. African countries reported that they attempted, nevertheless, to promote human resource development. New policies for creating and strengthening institutions were formulated and policy changes effected in a sizeable number of countries. Eleven countries created new ministries charged with human resources development, others established new departments (13 countries), sections or units (12 countries). New administrative frameworks for coordinating the integration of women and youth in development were set up in 15 countries. Training or job-creation programmes were reported (10 countries), and improving agricultural extension, accessibility to credit and technology, training and entrepreneurship development (13 countries) were activities specifically geared to the needs of these two groups. Efforts at arresting the brain drain, including overseas recruitment drives, special employment incentives, economic and political liberalization and entrepreneurship development, were largely frustrated by the overall deterioration in social and economic conditions, and, in some cases, were compounded by civil strife and war. Employment policies focused on the

promotion of private-sector employment were reported by 21 countries, followed by revised salaries and wages (14 countries), public sector reforms and improved management structures (10 countries). Regarding their impact, 17 countries stated that these policies helped to create a large number of jobs in the private sector, without specifying, however, whether this was in the formal or in the often low-productivity, low-income informal sector. A very encouraging trend to introduce new technology of information in education has been observed during this period. Moreover, efforts are being made across the continent with a view to improving the schooling of girls, especially by reducing the rate of dropout from schools and by expanding non-formal educational opportunities.

99. Important human resource development policies were formulated for promoting general education and skills. Seventeen countries sought to expand literacy programmes; 12 to attain universal primary education and 11 others gave priority to increasing opportunities for training of out-of-school youths. Fifteen countries reported policies to improve tertiary or technical education. New ministries for the eradication of illiteracy were created in 5 countries, new departments in 12 countries and new sections/units in 10 countries. Seventeen countries established committees or commissions on literacy, and, in 23 countries, cooperation with non-governmental organizations was intensified for the fight against illiteracy. In spite of these measures, data of the United Nations Educational, Scientific and Cultural Organization (UNESCO) show that primary level gross enrolment ratios, which stood at 77 per cent in 1980, dropped to 72 percent in 1987 and then to 70 per cent in 1990 and retention rates worsened. The cost-recovery and cost-containment measures associated with SAPs may have contributed to this development. UNESCO also estimates that reduced funding of basic education and mass literacy programmes resulted in an increase in illiteracy in Africa by an estimated 5 million people during the second half of the 1980s.

100. The majority of African countries have experienced a fall in the living standards of their people over the last few years and the numbers in absolute poverty in Africa has increased from 270 million in 1986 to 335 million people in 1990, representing 52 per cent of the African population. UNDP reports that Africa was the only region in the world in which poverty was on the rise in the 1980s.

4. Action at the subregional and regional levels

101. Actions taken at the regional and subregional levels towards the implementation of the United Nations Programme of Action include establishment of crop protection networks and coordination of the national early warning systems of over 30 countries in the Global Information and Early Warning System (GIEWS) and the African Centre for Meteorological Application for Development (ACMAD). Other intergovernmental organizations involved in combating drought and desertification are the Permanent Inter-State Committee on Drought Control in the Sahel (CILSS), and the Intergovernmental Authority on Drought and Development (IGADD) in East Africa. Efforts are being made to

improve cooperation between the different subregional organizations and to avoid duplication of efforts.

102. The Southern African Development Coordination Conference (SADCC) has been involved in both counteracting the destabilizing policies of South Africa and promoting inter-State trade and cooperation.

103. The Economic Community of West African States (ECOWAS) adopted a three-year Economic Recovery Programme, at Abuja in June 1987, consisting of both short-term measures to set up economic recovery policy frameworks and a longer-term investment programme in national and subregional projects. Much of this programme corresponded to the priorities of the United Nations Programme of Action, with an emphasis on regional programmes. There have been severe financial problems, owing to the late- or non-payment of contributions by member States, but nevertheless, many of the short-term programmes have been implemented. The investment programme has identified 136 projects, costing $US 1.67 billion, of which 23 have been financed and 8 are ready for financing. The Community has helped to establish a revolving line of credit with the African Development Bank (ADB) for private sector projects and has assisted several States in project preparation. Staff training in this area is still under way and future plans include placing greater emphasis on regional programmes and on private sector involvement.

104. The Preferential Trade Area for eastern and southern African States (PTA) has been concentrating on trade liberalization and expansion between member countries, as well as promotion of agriculture and industry based on inter-country specialization. Their aim is to integrate the economies of the PTA countries into one economic unit. Specific programmes have included promotion of afforestation, subregional agricultural research, and feasibility studies in preventing post-harvest food losses. Other programmes have included joint exploration and utilization of energy resources, development of agro-industries, developing coastal transport, harmonizing flight schedules and promoting regional aircraft maintenance. Preferential tariffs in telecommunications have been instituted within the region and transit regulations have been improved. Trade liberalization has been achieved by reductions in tariffs, relaxation of non-tariff barriers and simplification of customs procedures. Monetary reforms have included the introduction of PTA travellers cheques in 1988 and development of a PTA clearing house, while a Trade and Development Bank was established in 1986.

105. The Lake Chad Basin Commission (LCBC) has been involved in afforestation, assisting agricultural research and in a project to plan and manage the water resources of the basin, with financing by UNDP. It has developed a master plan for the environmentally-sound management of natural resources in the Lake Chad Basin, financed by the United Nations Environment Programme (UNEP) and UNSO, which will provide the basis for a study of groundwater resources. Problems have arisen because of late payments of contributions by member States, and suggested improvements include reinforcement of technical cooperation and improvements in communications.

106. The Mano River Union (MRU) has also been undertaking integrated development of the river basin, including irrigation, fisheries and forestries, as well as development of small-scale hydroelectric power and is preparing an industrial development programme linked to agricultural production. It has also been involved in improving regional transport links and coordinating telecommunication and postal services.

107. Negotiations on the establishment of a preferential trade area for the north African States are still under way, with the Union of the Arab Maghreb already established. The African Economic Community Treaty was signed in June 1991 at the OAU summit.

108. During 1986-1990, many of the activities of ADB reflected policies recommended in the United Nations Programme of Action. The Bank has increased its commitments to agriculture, transport, health and education from $US 866.2 million in 1985 to $US 1.31 billion in 1990, or a total of $US 5.8 billion over the period. This amounted to 48 per cent of the Bank Groups' commitments. The Bank's advocacy of measures aimed at strengthening the foundation of long-term sustained development, particularly environmental conservation, human resources and private sector development, has helped to promote the incorporation of these measures into national long-term development programmes. Specific programmes have been financed relating to afforestation, development of water resources and drought-resistant crop varieties. The Bank has also assisted in the improvements to storage, transport infrastructure and in measures to alleviate the refugee problem. The Bank has improved the effectiveness of its country programming, accelerated disbursements and participated in co-financing and aid coordination activities.

B. Response of the international community

1. Introduction

109. In the United Nations Programme of Action, the international community recognized "that the process of development being initiated by the African countries, as reflected in Africa's Priority Programme for Economic Recovery 1986-1990, has to be supplemented by complementary actions of the international community through intensified cooperation and substantially increased support". It "also realized that lasting solutions to the exogenous constraints, over which Africa has no control, will have to be found since their persistence will impede the efforts of the African countries" (see General Assembly resolution S-13/2, annex, para. 15).

110. The international community recognized "that the African countries need additional external resources" and committed itself to "making every effort to provide sufficient resources to support and supplement the African development effort", and "agreed on the importance of increasing official development assistance to Africa, its improved quality and effectiveness". It appreciated "that the realization of Africa's development efforts would be greatly eased

if the flows of external resources were predictable and assured" (see General Assembly resolution S-13/2, annex, paras. 16 and 17 (c)).

111. The international community also recognized in the United Nations Programme of Action that measures were needed to improve the quality and modality of external assistance and cooperation in order to deal urgently with commodity issues, taking into account the special interests of African countries and to alleviate the region's debt burden (General Assembly resolution S-13/2, annex, paras. 17 (a) and (b)). The response of the international community to these commitments and objectives is reviewed in the following section.

2. Resource flows

112. Despite several initiatives by Africa's bilateral and multilateral partners to mobilize additional resources for the African region, the overall result has been disappointing as there was a reduction, rather than an increase, in real net resource flows to Africa by the end of the period of the United Nations Programme of Action. Measured in 1986 prices and exchange rates, net resource flows declined from $24.6 billion in 1986 to $23.3 billion in 1990 (see table I).

113. Official development finance (ODF), mainly official development assistance (ODA), constituted the predominant source of net resource flows to Africa during 1986-1989, representing about 85 per cent of total flows. Nevertheless, ODA to African countries remained, in real terms, more or less constant during the 1986-1990 period, amounting to $16.2 billion in 1986 and $16.9 billion in 1989.

114. Export credits and private flows declined sharply during the period of the United Nations Programme of Action. The net flow of export credits turned negative during that era, from a level of $2.1 billion in 1985 to a net outflow of $1.8 billion in 1988. Net export credits were estimated to have been $4 billion in 1989, but fell again according to provisional estimates to $1 billion in 1990, still well below the 1985 level. Private flows also declined sharply, from $5.3 billion in 1986 to an estimated $3 billion in 1990. Grants by non-governmental organizations rose from $1.1 billion in 1986 to $1.4 billion each in 1988 and 1989. This occurred at a time when the aid budgets of many countries came under pressure.

115. Africa's share in bilateral ODA from the donors of the Development Assistance Committee (DAC) of the Organisation for Economic Cooperation and Development (OECD) remained constant during 1986-1989, while the share of the sub-Saharan region increased slightly, from 28.5 per cent in 1986 to 29.8 per cent in 1989. ODA from non-DAC countries declined over the period. The major political and economic changes currently under way in Central and Eastern Europe, coupled with emerging economic constraints, indicate that the aid efforts of the Union of Soviet Socialist Republics and other Central and Eastern European countries might not be maintained at current levels.

Table I. Net resource flows to total Africa*

(Current United States billions of dollars)

	1982	1983	1984	1985	1986	1987	1988	1989	1990 (p)	Per cent of total 1982	1985	1989
I. OFFICIAL DEVELOPMENT FINANCE (ODF)	13.7	13.4	16.5	16.7	19.3	22.1	25.3	23.6	28.0	59.1	77.3	79.7
1. Official development assistance (ODA)	12.0	11.4	12.9	14.4	16.2	18.4	20.0	20.7		51.7	66.7	69.9
of which: bilateral disbursements	9.1	8.4	9.7	10.6	11.9	13.6	14.7	14.8		39.2	49.1	50.0
multilateral disbursements	2.9	3.0	3.2	3.8	4.3	4.8	5.3	5.9		12.5	17.6	19.5
2. Other ODF	1.7	2.0	3.6	2.3	3.1	3.7	5.3	2.9		7.3	10.6	9.8
of which: bilateral disbursements	0.9	0.8	2.3	0.8	1.7	2.3	4.4	1.3		3.9	3.7	4.4
multilateral disbursements	0.8	1.2	1.3	1.5	1.4	1.4	0.9	1.6		3.4	6.9	5.4
II. TOTAL EXPORT CREDITS	3.8	2.2	0.7	2.1	x	0.1	-1.8	4.0	1.0	16.4	9.7	13.5
1. Development Assistance Committee (DAC) of the Organization for Economic Cooperation and Development (OECD) countries	3.7	2.0	0.5	1.9	-0.1	x	-1.8	4.0		15.9	8.8	13.5
of which: short-term	0.4	-1.0	-0.6	1.3	-0.8	2.8	0.9	2.5				
2. Other countries	0.1	0.2	0.2	0.2	0.1	0.1	x	x		0.4	0.9	x
III. PRIVATE FLOWS	5.7	1.9	1.4	2.8	5.3	2.9	5.7	2.0	3.0	24.6	13.0	6.8
1. Direct investment (DAC)	2.4	1.0	x	0.5	0.8	0.7	1.2	1.4		10.3	2.3	4.7
2. International bank lending (a)	2.6	0.1	0.5	0.8	3.3	0.9	2.3	-1.1		11.2	3.7	-3.7
3. Total bond lending	-0.2	x	-0.1	0.4	x	-0.1	0.2	0.1		-0.9	1.9	0.3
4. Other private	0.1	x	0.1	0.1	0.1	0.2	0.6	0.2		0.4	0.5	0.7
5. Grants by non-governmental organizations	0.8	0.8	0.9	1.0	1.1	1.2	1.4	1.4		3.4	4.6	4.7
TOTAL NET RESOURCE FLOWS (I+II+III)	23.2	17.5	18.6	21.6	24.6	25.1	29.2	29.6	32.0	100.0	100.0	100.0
Memorandum items:												
Total net credits from the International Monetary Fund (IMF)	1.6	1.6	0.7	x	-0.6	-0.5	-0.2	x	-0.6			
Recorded asset transactions, net (b)	-1.1	-2.1	-1.1	-3.4	0.9	0.4	-2.4	-3.3	-4.0			
Interest and dividends paid by developing countries, gross	-13.0	-13.0	-12.0	-12.8	-12.1	-12.6	-15.2	-16.0	-16.5			
Technical cooperation expenditure	3.0	3.2	3.2	3.4	4.1	4.8	5.0	5.3	..			
	At 1986 prices and exchange rates											
Total net resource flows	28.1	21.2	23.1	26.6	24.6	21.8	23.7	24.2	23.3			
Total official development finance	16.6	16.3	20.4	20.5	19.3	19.2	20.5	19.3	20.3			
Total ODA receipts	14.5	13.8	16.0	17.7	16.2	16.0	16.2	16.9	..			

Source: OECD. See also United Nations Conference on Trade and Development for 1986 calculations.

* The total net resource flows figures do not include payments of interest, dividends and other items listed in the memorandum items, except for grants, which are included.

(a) Includes long and short-term transactions.

(b) Excludes offshore centres and, as regards transactions, changes in official reserves.

(p) Provisional.

x Less than half the smallest unit shown.

.../

Likewise, the Gulf crisis and the huge costs of reconstruction in that region will have major consequences for the future volume and orientation of Arab aid. As a result of these geo-political changes and their economic impact, the volume of ODA to Africa from non-DAC sources is likely to decline further in the future.

116. The multilateral financial institutions increased their support to Africa during the period of the United Nations Programme of Action in a number of ways. In 1986, the International Monetary Fund (IMF) introduced a new concessional Structural Adjustment Facility (SAF), which was further enhanced the following year. In 1987, the World Bank also launched the Special Programme of Assistance (SPA), as well as completing the eighth replenishment of its soft loan affiliate, the International Development Association (IDA), of which half the resources were earmarked for Africa.

117. The World Bank's net disbursements to Africa totalled $7.6 billion during 1986-1989, i.e. at an average annual amount of $1.9 billion. At 1986 prices and exchange rates, the World Bank's commitment to sub-Saharan Africa was $2.94 billion in 1986 and $3.21 billion in 1989. Over half of the lending to sub-Saharan Africa was IDA lending on concessional terms. The most important international initiative implemented by the World Bank in favour of Africa was the launching of SPA in 1987. This was designed to mobilize and coordinate quick disbursing of external assistance and concessional debt relief so as to support adjustment in low-income, debt-distressed countries of sub-Saharan Africa.

118. In the case of the World Bank, loan repayments have been more than compensated for by increased IDA flows. Nevertheless, net disbursements of World Bank resources to sub-Saharan Africa amounting to $7.6 billion during 1986-1989 resulted in net transfers of $4.9 billion during the same period as a result of payments of interest and charges to the Bank.

119. The IMF's total direct financial commitment to Africa increased from special drawing rights (SDR) 1.5 billion at the end of 1986 to SDR 2.8 billion at the end of the financial year 1989. The number of countries supported by arrangements with the Fund increased from 17 at the end of 1985 to 25 at the end of June 1990. Given the non-concessional nature of all IMF lending prior to 1986, its increased lending to Africa in the early 1980s in support of stabilization and adjustment led to a situation of negative flows in Africa by the mid-decade. The Fund responded to this situation by establishing SAF in March 1986, and, in 1987, the Enhanced Structural Adjustment Facility (ESAF) was also established. Both facilities provided assistance, on concessional terms, to support medium-term SAPs in low-income countries with persistent balance-of-payments problems. About $12 billion was made available world wide under both facilities (with credit terms of 10 years, of which five and a half years are grace period, and at 0.5 per cent interest rate). Of the 62 countries which qualify for access to these facilities, over half (34) are in sub-Saharan Africa. SAF disbursements to Africa at the end of July 1990 were $1.29 billion (or 60 per cent of total SAF disbursements), and ESAF disbursements were $970 million (86 per cent to 87 per cent of total ESAF disbursements).

120. Some 20 per cent of the total resources available under both facilities had been disbursed in Africa by 1990. These disbursements did not provide adequate resources to offset the repayments resulting from earlier stand-by arrangements. Total net credits from IMF to Africa, which hovered around $1.7 billion between 1981 and 1983, dropped to $700 million and $200 million in 1984 and 1985, respectively, before turning negative in 1986, and averaged a negative outflow of $580 million annually between 1986 and 1990.

121. Availability of World Bank and IMF resources is usually conditional upon the implementation of SAPs, a fact which appears to limit access to these funds and to lower disbursement. However, a shift by the World Bank from project financing to policy-based balance-of-payments support has resulted in faster disbursing loans. During the first phase of SPA, the share of such loans was some 35 per cent, compared with less than half that in the preceding three years. There were major problems noted in the context of the first SPA. Procurement and disbursement procedures were usually tied to the recipient country's trade and exchange rate reform programmes and did not provide assistance on an untied basis. Furthermore, SPA is a donor grouping in which African Governments do not participate. And finally, the focus of the first SPA, as reflected in the policy framework papers, was on adjustment policies rather than on the wider and longer-term development framework, including aspects of human resource development, capacity and institution building and the environment.

122. One year after the adoption of the United Nations Programme of Action, the member countries of the African Development Bank concluded an agreement to raise the capital of the Bank by 200 per cent from Bank units of accounts (BUA) 5.4 billion to BUA 16.2 billion. The United Nations Programme of Action specifically called for the speedy fifth replenishment of the African Development Fund (ADF) and for increased concessions in the development assistance provided through the multilateral institutions. The ADF-V negotiations ended in 1987 with agreement on a $2.67 billion replenishment of the Fund, which was 50 per cent more than the preceding replenishment.

123. Partly as a result of these developments, the Bank Group was able to expand its lending during 1986-1990 to $12.1 billion, from $4.3 billion during 1981-1985. Of this, the ADF approved $4.2 billion during the period of the United Nations Programme of Action, compared with $1.8 billion during the previous five years, and the Bank Group continued to place top priority on agriculture and sectors in support of agriculture. Agriculture alone accounted for 26.2 per cent of the loans and grants approved during the years of the United Nations Programme of Action, while transport, education and health accounted for 12.8 per cent and 9 per cent, respectively. In view of the importance of a structural and policy environment to the successful implementation of economic operations, the Bank Group committed a total of $2.56 billion, equivalent to 21 per cent of its total lending during 1986-1990, in support of the member countries' economic reform efforts. At the same time, in order to contribute further to ensuring the sustainable development of the economies of its member countries, the Group has

intensified its efforts in the areas of economic integration, environmental protection, promotion of the participation of women in development and in population activities. As a result of measures taken within the Bank Group to speed up disbursements, these rose to $6.2 billion during 1986-1990, from $1.65 billion during 1981-1985. Disbursements from the ADF amounted to $3.95 billion and $905.3 million, for the same periods. Less repayments of principal, interest and other charges, the Bank Group transferred to its regional member countries a total of $3.9 billion during 1986-1990, compared with $1.1 billion during 1981-1985. Of this, the net transfer of concessional resources amounted to $2.05 billion for the period of the United Nations Programme of Action, compared with $705.8 million for 1981-1985.

124. At the conclusion of the ADF-V negotiation, the Fund's participating States also agreed on a number of measures aimed at improving the concessionality of ADF resources. These included the provision for ADF-funded technical assistance on a grant basis and limiting access to ADF resources to the poorest of regional member countries.

3. The external environment

125. The United Nations Programme of Action recognized that "there is a need for the international community:

"(i) To evolve and implement policies conducive to sustained, equitable and non-inflationary growth, including the expansion of trade through, inter alia, the elimination of protectionism, particularly non-tariff barriers, in accordance with existing commitments, the adoption of measures which encourage African exports and diversification programmes, and improved market access, especially for tropical products, within the framework of the General Agreement on Tariffs and Trade;

"(ii) To deal urgently with commodity issues, taking into account the special interests of the African countries, in the framework of an overall approach, embracing commodity agreements/arrangements, and adequate compensatory financing, and also to increase the capacity of African countries to process, market, distribute and transport their exports, and in this context to stress the importance of sufficient ratifications of the Agreement Establishing the Common Fund for Commodities, for it quickly to become operational" (see General Assembly resolution S-13/2, annex, para. 17 (b)).

126. In spite of the crucial importance of a favourable international economic environment to the success of African efforts towards recovery and development, little significant progress was registered in the areas mentioned above.

127. Although trade grew faster and there was generally a recovery in the OECD countries during 1986-1990, Africa did not benefit from this turn-around. Indeed, Africa's export revenues fell at the same time that the continent's export volumes increased and the volume of world trade expanded. This apparent paradox can be explained by a number of factors. Paramount among these are the continued weak prices of some commodities; the total collapse of cocoa and coffee prices due to over-supply and the failure of the relevant commodity agreements; the continued supply overhang in some of the commodity markets; and the significant loss by Africa of its share of the global market for many of its traditional exports. Since 1970, Africa's share in the world market for non-fuel commodity exports has declined at an almost steady rate, from about 16 per cent of the world total, to under 10 per cent in 1988. Such a deterioration indicates the difficulties many African countries have found in adapting to changing international markets.

128. Both the region's terms of trade and the purchasing power of exports declined markedly during the programme period (see table II). While the volume index of exports increased by some 7.5 percentage points, the unit value index dropped 23.2 points. At the same time, the unit value of Africa's imports rose by nearly 13.9 percentage points during the period of the United Nations Programme of Action, against a 3.8 percentage points decrease in volume. These movements caused further deterioration in the terms of trade, which declined by a third during the Programme period. The purchasing power of Africa's exports fell sharply, averaging about 54 per cent in 1986-1990, compared to 76 per cent in 1981-1985 (using 1980 as the base year).

129. The sharp decline in the terms of trade has aggravated Africa's financial situation. For many countries, terms of trade losses of 10 percentage points may represent a loss of up to 5 per cent of gross domestic product (GDP). Taking 1986 alone, the Economic Commission for Africa (ECA) estimates that Africa lost $19 billion in foreign exchange, owing mainly to the fall in commodity prices and the depreciation of the dollar.

130. Support to African countries to diversify their commodity interests has been limited. Lending to developing countries in other regions, which has helped to expand their range of commodity exports (especially cocoa, coffee, rubber and palm oil), has often resulted in direct competition with African exporters. The fall in prices on the world market resulting from excess supplies, has, in many cases, severely eroded export incomes to African countries.

131. Instead of reducing dependency on earnings from commodity exports, developments during the period of the United Nations Programme of Action reinforced the commodity-dependent trend of the 1980s, a decade that many think of as a period of stagnation and reversal for most African countries. Most of the continent, except Mauritius and Tunisia, continued to depend on commodities for over half of its export income, and four fifths of African countries continue to depend on commodities for over 80 per cent of their export earnings. Just two commodities still provide over half of export income in nearly three quarters of African countries. For several countries,

Table II. Africa's terms of trade

(1980 = 100)

	Averages	
	1981-1985	1986-1990
	(Percentage)	
Exports		
Value	68.1	55.6
Unit value	89.8	66.6
Quantum	75.9	83.4
Imports		
Value	92.3	82.4
Unit value	89.9	103.8
Quantum	83.1	79.3
Terms of trade	97.7	64.1
Purchasing power of exports	75.7	53.7

Source: Secretariat of the United Nations Conference on Trade and Development.

coffee has become increasingly important, and in several west African countries, cotton for export earnings has become pivotal.

132. Conditions for diversification have worsened in many African countries during the past decade. Continued budget problems have often led to deterioration of the basic infrastructure, making these countries even less competitive on the world market. The long-term effects of cut-backs in education expenditure and in research and development will continue to build a negative impact for the future.

133. A major commitment of the international community in 1986 was to enhance Africa's prospects for recovery and sustainable development by taking urgently needed actions aimed at improving the functioning of commodity markets. However, international cooperation to find lasting solutions to the commodity problems of developing countries in general, and of African countries in particular, has, if anything, weakened.

134. Regarding the principal commodity exports of Africa, price stabilization measures in the international agreements on cocoa and coffee have become inoperative. For copper, negotiations on the terms for an autonomous international study group have been successfully concluded, with conditions relating to work commencement yet to be met.

135. Measures to provide "adequate compensatory financing" to African countries, as called for by the United Nations Programme of Action, have not materialized. The scope of the IMF's Compensatory Financing Facility (CFF) was extended in August 1988 to incorporate a mechanism for contingency financing. The ability of African countries to make effective use of it has been reduced, owing to problems of increased conditionality and of eligibility. The old CFF was traditionally a low conditionality facility with no direct linkage to structural adjustment, while the Contingency Compensatory Financing Facility (CCFF) is to help "maintain the momentum of adjustment in the face of adverse external shocks". While the percentage of quota that can be drawn from the CCFF has been increased, relatively few of the African countries which have IMF adjustment programmes have been able to benefit from it, as lending is on standard IMF terms and the cost of borrowing is high, with an interest rate of around 9 per cent.

136. During the period 1986 to 1990, African countries received a total of SDR 1 billion in financing from the CFF and CCFF. In November 1990, in response to recent developments in the Middle East, CCFF was modified to include financing, until the end of 1991, to cover the increased cost of imports of crude oil, petroleum products and natural gas. In most circumstances, the upper limit for such financing is 82 per cent of a nation's quota.

137. The call made in the 1990 African Common Position on Commodities for a new global financing scheme to compensate for shortfalls in export earnings, which would improve on existing arrangements, such as the Economic Community's STABEX and SYSMIN schemes, has not met with an adequate response from donors.

138. The agreement establishing the Common Fund for Commodities entered into force in June 1989, and efforts have concentrated on making the Second Account operational. This may provide some finance for commodity development in Africa. The ratification process has, however, been slow and the resources available are largely inadequate. Meanwhile, long-term shifts in demand for commodities are brought about by different technological needs and substitution of new synthetic materials for traditional exports.

139. Market access conditions for African exports have not significantly changed during the period of the United Nations Programme of Action. Non-tariff measures and related mechanisms continue to be significant barriers to access by African countries to the markets of the industrialized nations. With a few exceptions, non-tariff measures against exports from African countries increased. A feature of many of these barriers is that they are tied to the degree of processing. The greater the degree of processing, the higher the barrier. Imports of agricultural products are often affected by a wide range of non-tariff barriers, such as quotas, voluntary export restraints

(VERs), variable levies, minimum price systems, countervailing taxes and duties, technical (especially phyto-sanitary) regulations, and bureaucratic delays and uncertainties. Such measures directed, inter alia, at vegetables, fruit, coffee, oils, cocoa, tobacco, leather, cotton, sisal and phosphates, discourage local processing in favour of exporting raw materials. These products are among the most important non-oil exports of Africa and the removal of escalating non-tariff measures on processed goods could enhance Africa's prospects of increasing value added from exports.

140. African countries enjoy preferential treatment from the European Economic Community under the Lomé Convention, the Maghreb and Mashreg Cooperation Agreements and others. However, for a number of reasons, these preferential arrangements have not resulted in marked increases in African exports. In OECD countries, demand for African products has been limited. Agricultural protectionism and subsidies in industrialized countries have limited market access and reduced world market prices. The lack of necessary inputs has impeded expansion in the supply of products for export. Finally, in some potentially significant areas, African exports have remained insufficiently competitive.

141. The period 1986-1990 saw two main developments regarding market access conditions for African exports, namely, the renegotiation of the Lomé Convention (Lomé IV) and the ongoing Uruguay Round of multilateral trade negotiations, under the auspices of the General Agreement on Tariffs and Trade (GATT).

142. Lomé IV has a validity of 10 years, expiring on 1 March 2000. The market access conditions are broadly similar to earlier conventions, but include new concessions on agricultural products. It must be pointed out, however, that African (mainly sub-Saharan), Caribbean and Pacific (ACP) countries now have a lower share of the European Community market than when the first Lomé Convention was signed in 1975. This is mainly owing to the fact that ACP exports to the European Community are overwhelmingly basic commodities, and access and preference issues pale in comparison to the problem of price stability. In 1986, oil, coffee and cocoa alone accounted for around 50 per cent of exports by value and, together with wood, sugar, aluminium and iron ore, accounted for around 80 per cent of ACP exports.

143. Studies of ACP exports to the European Community show that the Lomé Convention has had marginal effect overall, but there has been relatively rapid growth for some items enjoying preferential access (beef, bananas, tobacco, spices, beverages, fruit and vegetables). ACP access to the European Community is, however, not unrestricted and there are problem areas. First, around 4 per cent of sub-Saharan African exports, mainly agricultural, face serious barriers in the European Community. Secondly, import rules of origin relating to preferential access are cumbersome, restricting those sub-Saharan countries that aspire to the more intensive processing applications that generate higher product value. The 50 per cent minimum "import content" rule (sometimes 40 per cent) requires the reciprocal importation of goods used to produce finished products, making it a difficult rule to meet for countries with a limited industry and packaging capacity.

144. The Uruguay Round of multilateral trade negotiations, which commenced in 1986 and was originally scheduled to be completed in December 1990, offers prospects for improved market access for African exports on a global basis. However, there is also danger of a negative impact, owing to the erosion of preferences. Analysis of preliminary offers of tariff concessions in tropical products reveals that African countries are likely to suffer a loss of market share in some of the major markets, particularly the European Community market, from the erosion of preferences which African countries enjoy under the Generalized System of Preferences (GSP), as well as the special European Community-ACP arrangements. Preference may be essential to compete successfully with the economically superior Latin American or Asian suppliers. In the case of agricultural products, it is too early to say what the outcome of current negotiations will be in GATT, but some simulation analyses tend to suggest that liberalization of temperate zone agricultural products would lead to substantially higher prices for basic foodstuffs. Since Africa is a food deficit region highly dependent on imports, higher prices may exacerbate the food security situation of the region. With regard to natural resource-based products, it is not clear at this juncture what the outcome will be on market access opportunities for African countries. Preliminary analysis suggests that again, because of the erosion of preferences, it is likely that in this category of products, Africa will experience an overall loss in market share.

145. Because of the concern over Africa's commodity problems, the Secretary-General established an expert group to examine the issue. The recommendations of the Expert Group on African Commodity Problems 6/ and Africa's Common Position on the Group's report 7/ were considered by the General Assembly at its forty-fifth session. The General Assembly, in turn, adopted resolution 178 B calling upon the Secretary-General to include in the final review of the United Nations Programme of Action, a study on how the international community can support Africa's efforts at diversification and how this can be implemented at the national, subregional and regional levels. The study, which will appear as an addendum to the present report (A/46/324/Add.1), contains the following main proposals:

(a) African countries, Governments in partnership with their local private sector, should elaborate on commodity-sector strategies which would include: the revitalization of competitiveness for traditional export commodities in which they have a comparative advantage; diversification programmes based on assessments of natural resource bases; labour and other essential input and infrastructural conditions. These strategies should be developed on the basis of country and commodity specific studies, with the assistance of the international community, particularly the concerned group of donors and international institutions financing economic programmes. They should also take into account regional and world market prospects for primary and processed commodities and existing suppliers and buyers and linkages between them;

(b) African Governments should include their diversification programmes as an important element in their negotiations with bilateral donors and international, regional and subregional financial institutions; donors and financial institutions should commit themselves to adapting their lending to support these programmes. The review of these programmes and their implementation should be a regular feature of aid-coordination mechanisms such as round tables of the United Nations Development Programme (UNDP) and the World Bank consultative groups;

(c) A priority for Africa is to increase intraregional trade in food products, in both primary and processed forms, as a means of increasing diversification in food and production in countries which have a comparative advantage and to increase regional food self-sufficiency. To this end, the creation of subregional and regional markets requires commitment to:

(i) Establishing or improving trade information networks on subregional and regional demand and supply of foodstuffs and increasing buyer/seller direct contacts through regular meetings covering limited number of products at a time;

(ii) Eliminating tariff and non-tariff barriers within economic groupings;

(iii) Introducing uniform quality standards and specifications and harmonizing customs control procedures;

(iv) Improving payment facilities;

(v) Rationalizing air, land and water transport systems.

These actions require technical and financial support from the international community, particularly bilateral donors and international agencies with competence in the various areas;

(d) Regular exchanges of information and coordination through regional and subregional forums should be established to promote regional cooperation in the context of diversification programmes in areas, such as joint projects, joint provision of support services and joint marketing for specific outputs, especially non-traditional and processed commodities in third markets;

(e) The international community should take action to strengthen producer/consumer cooperation on commodities of particular importance to Africa, with a view to increasing their export earnings from commodities and thereby providing domestic resources for diversification efforts;

(f) The international community should ensure that diversification efforts are not hampered by trade barriers of any sort. A mechanism should be established by a United Nations African development monitoring group to investigate any problems that arise in this area;

(g) The development of specific infrastructural and support services for diversification projects should be accorded priority by African Governments and the international community. These include:

(i) Physical infrastructure facilities (transport, storage, communication, water and power supply);

(ii) Institutional infrastructure facilities (extension services, repair and maintenance services, quality control and licensing mechanisms, information networks, banking structures, research and development institutes for production methods, new products and technologies);

(iii) Human resources development (training for production and marketing; private sector participation in public and private commodity meetings, regional commodity associations).

These services can be provided by the private sector, the government or a combination of the two. Assistance in the setting up of the various areas is available from a wide range of sources, including bilateral programmes and United Nations agencies;

(h) Particular attention should be paid to the development of information networks and marketing-related services, through government sponsorship, with technical assistance from the international community. These should include improving the access of the African private sector to information, through coordination of existing information systems, assistance in setting up domestic dissemination systems, increased training on the use of information, and providing for increased private sector involvement in commodity discussions. The United Nations agencies most concerned in this area are: FAO, UNCTAD, GATT, the International Trade Centre UNCTAD/GATT and the United Nations Industrial Development Organization (UNIDO);

(i) In order to assist Governments in their elaboration and implementation of diversification programmes, there should be increased exchanges of experiences among Governments within and outside the region on policy frameworks for these programmes, on effective ways of stimulating the provision of support services and on the prospects for individual commodities. Bilateral donors and international institutions should support such efforts under their technical assistance programmes;

(j) International technical and financial assistance for pre-investment activities to develop viable diversification projects attractive to foreign investors should be increased, particularly in the areas of resource assessment, assessment of new production possibilities, pre-feasibility and feasibility studies, project formulation and mobilizing assistance from the foreign private sector. Both multilateral and bilateral institutions providing technical assistance funding for pre-investment activities, particularly pre-feasibility and feasibility studies, should follow this up by assisting African countries to attract foreign investors to viable projects, assist in the negotiation of contracts for investment and marketing and monitor projects through to actual start-up;

(k) African Governments and international, regional and subregional financial institutions should increase their efforts to provide access by local private entrepreneurs to external concessional and non-concessional sources of finance. This can be accomplished through, among others, lines of credit, venture capital and mutual funds, in order to increase their ability to invest in viable diversification projects;

(l) An African Diversification Fund should be urgently established to provide a focal point to galvanize technical assistance and to provide finance for the development and implementation of diversification efforts. Resources should be provided from direct and voluntary contributions, commodity consumption taxes and borrowings on the international financial markets. An immediate study should be undertaken to ascertain the operating modalities, funding arrangements and management of the Fund, with the results presented to the United Nations African monitoring group during 1992.

4. Economic recovery and the debt constraints

146. African countries continue to be severely affected by the debt crisis, with the burden of that debt being one of the most important factors constraining recovery and development on the continent. Unless urgent action is taken to provide a durable solution to the problem, an already unmanageable situation will further worsen. Despite the implementation of several international initiatives on debt, the situation has so far not significantly improved. This calls for new thinking on the solution to African debt and a redoubling of efforts on the part of all concerned - the international community and the Africans themselves.

147. Africa's external debt rose sharply during the period of the United Nations Programme of Action from $212.2 billion in 1986 to $271.9 billion in 1990. Sub-Saharan Africa's debt rose from $103.6 billion in 1986 to $142.7 billion in 1989 and is estimated to have increased to $147.9 billion in 1990. While much of this increase resulted from shifts in exchange rates against the dollar, the trend also highlights the limited impact that the current debt relief strategies have had.

148. The ratio of Africa's outstanding external debt to GDP rose from 68.1 per cent in 1986 to 90.9 per cent in 1990. For sub-Saharan Africa, this ratio went up from 74.2 per cent in 1986 to 112.9 per cent in 1990. The ratio of Africa's external debt stock to exports of goods and services decreased from 343.4 per cent in 1986, to 300.4 per cent in 1990. This fall largely reflects a faster rate of increase in export earnings, as well as a slower rate of debt accumulation in 1990. However, for sub-Saharan Africa, the ratio of debt to exports increased from 324.6 per cent to 334.6 per cent over the same period.

149. While the share of variable interest rate debt is gradually declining and the proportion of concessional debt has increased significantly, Africa's debt structure and debt-service payments have become concentrated and more

inflexible, being tied to a rise in the share of multilateral financial institutions, most notably the World Bank and IMF. Currently, multilateral debt accounts for 21 per cent of Africa's total debt, compared to 41 per cent of official bilateral debt and 38 per cent of private debt. The share of the medium-term and long-term multilateral debt increased in sub-Saharan Africa from 18.8 per cent in 1980 to 26.6 per cent in 1990.

150. According to World Bank figures, on its medium-term to long-term debt, sub-Saharan Africa's actual payments to the multilateral agencies, which receive preferred treatment, were projected to account for 29 per cent of service payments in 1990, compared to 30 per cent for payments on official bilateral debt and 29 per cent on private guaranteed debt. Private non-guaranteed debt accounted for another 12 per cent. The predominance and importance of multilateral debt is further revealed by the fact that, with the exception of four countries, these debts were fully serviced in 1989. The amount paid as a percentage of the amount due was 86 per cent. By contrast, bilateral creditors received 21 per cent, while private creditors received 29 per cent of what was due.

151. Africa's bilateral and multilateral creditors and the international community at large took various initiatives to lighten the debt burden of African countries, particularly the low-income countries. The following sections review and evaluate these initiatives.

(a) Bilateral debt

(i) Debt forgiveness

152. During 1987-1989, the total debt forgiven or converted for 32 low-income countries in Africa amounted to $1.6 billion. During the same period, the amount forgiven for 12 middle-income sub-Saharan countries was $206 million. According to the latest estimates by the World Bank, between 1978 and 1990, donors cancelled some $7.8 billion of ODA debt owed by Special Programme of Assistance-eligible countries.

153. Virtually all of the debt forgiven was concessional, arising from earlier ODA activities. Because of this fact, scheduled debt-service payments of these countries in 1990 were lowered by less than $100 million.

154. These actions, modest as they are, represent a growing consensus among the official bilateral community that it is essential not only to reschedule but also to reduce the stock of debt. Recent actions announced by creditor countries will hopefully result in further cancellation of ODA debts owed by low-income countries in Africa for a total amount estimated at $6 billion. These countries include: France, which has announced that it will cancel concessional debt estimated at $2.4 billion owed by 35 of the poorest African countries; the United States of America, which has announced a similar measure for $1.4 billion of concessional debt owed by 22 African countries pursuing IMF or World Bank adjustment programmes; and Italy, which in April 1990, announced that it would cancel about $1 billion of the ODA debt owed by the most indebted low-income countries, most of which are African.

(ii) Non-concessional official debt

155. Since 1985, the Paris Club has eased the terms on which official bilateral debt is rescheduled for the severely indebted low-income countries. The most recent terms, following the agreement reached by the Group of Seven industrialized countries at their Toronto Summit in June 1988, consist of options to be chosen by creditor countries which include partial write-offs, longer repayment periods and concessional interest rates. This represented an improvement on previous arrangements, which suffered from the lack of a medium-term perspective, rescheduling terms adapted to the debtors' capacity to pay; and the limited duration of each rescheduling period, which results in repeated and time-consuming negotiations between creditors and debtors.

156. The Toronto agreement marked a major advance in the debt strategy, in that for the first time creditor Governments recognized the need for concessional debt relief with regard to non-concessional official debt. So far, of the 19 countries which have benefited from the Toronto measures, 17 are from Africa. However, the scale of relief they have provided has been extremely limited. For the 15 countries benefiting from the Toronto terms in 1989, the savings on interest payments in that year were only $50 million, equal to less than 2 per cent of the debt-service payments of those countries. Even then, several of them will have to make payments at least three times higher than those they have been able to make in recent years. The small impact of the Toronto scheme reflects its low concessionality: for the 15 beneficiaries, the overall grant element was, on average, about 20 per cent. This is well below the average grant element of over 50 per cent of 1988 loan commitments from official sources to sub-Saharan African countries in 1989.

157. Paris Club practices may exacerbate the long-term debt problem by increasing the stock of debt through capitalization of interest arrears. It is estimated that about 40 per cent of the long-term non-concessional debt owed by the debt-distressed countries to the Paris Club at the end of 1988 represented interest capitalized through rescheduling. Considerable concern has also been voiced because eligibility for relief has been linked to the recipient's adherence to IMF/World Bank SAPs.

158. Finally, some creditors have financed the cost of debt relief by transferring funds from their aid budgets, thus reducing the benefits resulting from the Toronto measures.

(iii) Recent debt initiatives

Low-income countries

159. Because of the growing perception of the insufficiency of the Toronto terms, a number of creditor countries and institutions have recently put forward proposals involving greater debt reduction for the low-income countries.

160. The World Bank, in its World Debt Tables, 1990-1991, recommended that creditors should opt for either cancelling one third of the principal payments or reducing the interest rate by one third, rather than opting for the extension of maturities.

161. Much bolder initiatives have also been proposed. At the Second United Nations Conference on the Least Developed Countries, held in Paris in September 1990, the Government of the Netherlands called for the cancellation of all official bilateral debt owed by least developed and other low-income countries facing severe debt problems and implementing sound economic policies in the context of IMF programmes.

162. Another proposal was made in September 1990, by the United Kingdom of Great Britain and Northern Ireland, at the Commonwealth Finance Ministers' meeting, held in Trinidad. The proposal would modify the Toronto terms of rescheduling by Paris Club creditors in four ways: (a) the total stock of debt should be dealt with as a single long-term operation; the Paris Club should not just reschedule one year's worth of maturities at a time; (b) the amount written off should be increased to two thirds instead of one third; (c) interest payments occurring in the first five years should be capitalized and paid in a phased manner with an increasing total payment of principal and interest as the export capacity of the debtor country's economy grows; and, (d) the repayment period should be lengthened from 14 to 24 years.

163. The Personal Representative of the United Nations Secretary-General on Debt proposed the cancellation of 90 per cent of the bilateral debt service of poor countries and the conversion of the remainder to highly concessional long-term loans.

Middle-income countries

164. Little debt relief has been given to Africa's middle-income countries, although many of them face serious financial difficulties. This issue is now being given the attention it deserves. Following the recommendations made at the 1990 Houston Summit, the Paris Club adopted in September 1990 a new package of measures in favour of the heavily indebted, lower middle-income countries, with high levels of official debt. So far, Morocco and the Congo have benefited from those measures, which include the extension of rescheduling maturities to 15 years (with a grace period of up to 8 years) for ODA loans. In addition, the new treatment allows limited amounts of debt-equity swaps and other debt conversions such as debt-for-nature and debt-for-aid by creditor countries on a voluntary basis. In June 1990, France also announced measures to lower interest rates on its non-concessional loans to four middle-income African countries.

165. On the whole, the indebtedness of Africa's middle-income countries remains largely unaddressed. The World Bank has now urged Paris Club creditors to consider extending Toronto or similar options to highly indebted middle-income countries. The Secretary-General's Personal Representative on Debt also proposed that the middle-income countries of Mediterranean Africa

(Algeria, Egypt, Morocco and Tunisia), which had a combined debt of more than $100 billion in 1989, be recognized as a category distinct from the other middle-income countries. On this basis, he suggested, Toronto-type debt relief should be extended to them, as well as more concessional development financing.

African initiatives

166. The severity of the debt situation led the African Heads of State and Government of OAU to hold an Extraordinary Summit in 1987 devoted to the continent's external debt crisis. At this time they adopted a declaration outlining comprehensive proposals to deal with the debt situation, including one calling for the holding of an international conference on Africa's external debt. 8/ The idea of a debt conference has not been supported by Africa's partners.

167. The African Development Bank, on its part, suggested a debt refinancing proposal in 1988 which called for the conversion of Africa's outstanding stock of debt, excluding concessional and multilateral debt, into a long-term security of at least 20 years' maturity, with a fixed interest rate set below the prevailing market levels. A redemption fund, into which annual payments would be made, would also be established, so as to redeem the outstanding stock of debt in full at the maturity of the security. In spite of the interest generated by the proposal, it has so far not been implemented.

(iv) Private debt

168. Private creditors, except in Nigeria, have played a minor role in the external financing of Africa. Their relative contribution has further declined in the past decade. The outstanding long-term debt owed to private creditors by all Africa was $US 59.4 billion and $US 30.6 billion for sub-Saharan Africa in 1989, 26 per cent and 22 per cent of the total long-term debt, respectively. Scheduled long-term debt-service payments for sub-Saharan Africa amounted to $US 9.3 billion, or $US 4.3 billion, excluding Nigeria (one third of the total due); but the actual payments were only $US 3.4 billion ($US 1.9 billion, excluding Nigeria).

169. The Brady initiative, which has as a central element debt and debt-service reduction, marked an important step in the strategy dealing with commercial bank debt. However, this initiative will concern only a small number of middle-income African countries, as commercial bank debt represents a small percentage of the total debt stock owed by African countries (10 per cent of long-term African debt at the end of 1988). At present, only one African country, Morocco, has reached agreement with its commercial banks under the framework of the Brady initiative. This will allow, in the initial stage, debt rescheduling, but eventually, in a second stage, some debt or debt-service reductions.

170. Some other features of the agreements implemented to date (other than the Moroccan case) have given rise for concern. For one thing, the agreements

have rendered the remaining debt more difficult to restructure. A large proportion of bank loans have been transformed into bonds, and these have been perceived as exit instruments since they generally exempt the holders from future restructuring and new money calls.

171. The implementation of the Brady initiative has suffered from the absence of internationally-set targets for the medium-term cash flow and debt profile of the country whose debt problem is being addressed. As a result, there has been a tendency for the extent of debt and debt-service reduction to be shaped by the balance of negotiating strength rather than by objective needs.

172. In the case of commercial bank debt of low-income countries, the World Bank established in September 1989 a special IDA debt reduction facility, which is endowed with $100 million transferred from net income of the International Bank for Reconstruction and Development (IBRD). The facility will provide grants for cash buy-backs of commercial bank debt of IDA-eligible low-income countries, over a period of three years. Up to $10 million will be available to each eligible IDA country using this facility. The majority of beneficiaries will probably be low-income African countries such as Niger and Mozambique that are presently included in SPA. The World Bank estimated that eliminating commercial debt through cash buy-backs in the initial 22 SPA countries would require between $200 million and $300 million, depending on discounts. The financing of these buy-back operations would need additional contributions from bilateral donors.

173. Nigeria's debt to private creditors amounted to $US 16.8 billion at the end of 1989. According to the World Bank, at the end of 1990, debt-servicing payments, after rescheduling of promissory notes and agreements with commercial banks and the Paris Club, would have accounted for 43 per cent of Nigeria's exports of goods and services estimated for 1991.

(b) Multilateral debt

174. The service on multilateral debt, which represents almost a quarter of Africa's debt, has become so large that net financial transfers from multilateral institutions have substantially declined and a number of debtor countries are in arrears on their multilateral debt payments. During the period 1986-1989, African countries transferred back to IMF about $600 million, on average, each year. By the end of 1989, 11 and 8 African countries were over six months in arrears to IMF and the World Bank, respectively.

175. Multilateral financial institutions have taken some measures to alleviate the servicing burden and thus helped to avoid arrears on multilateral debt. For instance, in 1988, the World Bank decided to put aside 10 per cent of repayments to IDA to help IDA-eligible countries pay their interest on debt owed to IBRD (which was contracted at market rates); a number of donor countries provided additional resources for this purpose. IMF took measures to deal with the problem of already existing arrears. The Fund has, thus, mobilized additional resources from its developed country members, through

support groups, to help those debtor developing countries in arrears to the Fund which are willing to adopt corrective measures. The success of these support groups has so far been limited. Early in 1991, the IMF adopted the "rights" approach, under which a member with massive and protracted arrears could earn "rights", based on sustained performance during the period of a "rights accumulation" programme. These rights would apply towards future financing, up to the equivalent of arrears outstanding at the time the programme was applied, and would be monitored by IMF. Zambia is the first African country to benefit from this new approach.

176. Further measures will, however, need to be taken to deal with multilateral debt, if a dire situation is not to worsen further. Such measures should enable African countries not only to refinance their multilateral debt, but also to reduce significantly the stock and servicing of this debt.

Improving the quality and modality of external assistance and cooperation

177. The United Nations Programme of Action called for "improving the quality and modality of external assistance and cooperation" (see General Assembly resolution S-13/2, annex, para. 17(a)) by increasing the concessionality of development assistance; making it more effective and responsive to the needs and priorities of African countries; evolving more efficient coordination methods; giving special consideration to indigenous competence and expertise, local techniques and equipment, and training of national personnel; improving the disbursement of funds; and meeting recurrent local costs.

178. As technical assistance constitutes about 25 per cent of ODA, which itself has been stagnating, it is vital that urgent and serious efforts should be made by all concerned to ensure that the $4 billion to $5 billion expended annually on technical assistance are destined to support the priorities of African countries and are effectively utilized to achieve this objective.

179. A number of initiatives were introduced or strengthened during the period of the United Nations Programme of Action in an effort to improve on the effectiveness of external assistance. These included UNDP's National Technical Cooperation Assessments and Programmes (NaTCAPs) and round-table meetings; the World Bank's Consultative Group meetings and the Special Programme for Assistance (SPA). Several other multilateral and bilateral initiatives aimed at building capacity and strengthening national institutions were introduced.

180. In spite of these initiatives, the concern over the effectiveness of external assistance still remains, with the conditionality of assistance continuing to be a major problem. Increasing policy-related forms of aid to Africa by the countries of DAC of OECD present some problems. This aid, often in the form of specialized technical assistance to enhance the capacity of African countries in preparing and implementing SAPs, and often tied to the adoption of Fund/Bank SAPs (a trend discernable in the scope of lending by these institutions themselves), is seen by African countries as a reduction of

their policy options. Additionally, some perceive them to be an imposition of particular types of programmes, the efficacy of which they increasingly question.

181. The grant element in overall total concessional aid to Africa remained constant during the period of the United Nations Programme of Action. There is also a general recognition that development assistance programmes and practices of donors have not been effectively directed to building the institutional and managerial capacities of African countries. Technical assistance was often uncoordinated and inadequately managed. The structures within Governments in charge of coordinating and managing technical cooperation are often weak and insufficiently staffed; technical cooperation is extremely costly, particularly the remuneration for experts; assignment of counterpart staff by recipient Governments has proved difficult; and African countries complain that there has been a decrease in the quality of technical assistance, owing to the assignment of young, inexperienced experts as team leaders for programmes and projects.

182. These concerns have created greater awareness among recipient countries and bilateral and multilateral donors of the need to introduce measures in the future to make external assistance and cooperation more effective.

183. There is now a growing consensus that broad priorities for improving the effectiveness of technical assistance should, inter alia, include: greater priority to long-term institutional goals over short-term project goals; reinforcement of beneficiary participation in the design and implementation of technical cooperation, through exercises such as National Technical Cooperation Assessments and Programmes (NaTCAPs) and national execution of technical cooperation projects; greater use of national experts and consultants, as well as more effective or less costly modes of technical cooperation delivery, such as volunteers, non-governmental organizations, twinning and technical cooperation among developing countries in place of the traditional model of expert and counterpart. Also, recognition of the need for fundamental reforms and improvement of public sector management capacities, increased consideration of technical cooperation for strengthening private sector management; more attention to women, both as beneficiaries and partners in technical cooperation activities; less reliance on individual long-term residential advisers and more emphasis on using short-term consultants and advisers who make periodic visits.

5. External resource requirements

184. The external resource requirements of the United Nations Programme of Action were stated in the Programme as follows:

> "The African countries estimate that the full implementation of the [Africa's] Priority Programme [for Economic Recovery 1986-1990] would require total financial resources of $128.1 billion, of which the African countries intend to provide $82.5 billion through the mobilization of

domestic resources, leaving the approximately $46 billion remaining to be met through external resources. The international community recognizes that the African countries need additional external resources. In this context, it commits itself to making every effort to provide sufficient resources to support and supplement the African development effort; it also appreciates that the realization of Africa's development efforts would be greatly eased if the flows of external resources were predictable and assured" (General Assembly resolution S-13/2, annex, para. 16).

185. Thus, $9.1 billion of additional external financial resources was expected annually during the period of the United Nations Programme of Action, in 1986 prices and exchange rates. The Advisory Group of Experts on Financial Flows for Africa, appointed by the Secretary-General of the United Nations in 1988, recommended an increase in net financial flows to sub-Saharan Africa, excluding Nigeria, of $5 billion annually over and above what was expected to be available in mid-1987. The report clearly stated that "this amount is necessary simply to restore the prospects for development and growth as of the early 1980s, which were already highly constrained in many countries of the region." 9/

186. However, net resource flows, in real terms, hardly rose during 1986-1990, let alone increasing to the level of required additional funding. Thus, both the targets of the United Nations Programme of Action and the Advisory Group's report, modest as they are, remained unfulfilled.

187. If account is taken of the impact of the sharp fall in commodity prices, the persistent decline in export earnings and the unfavourable terms of trade, the extent of the external resource famine of African countries during the period of the United Nations Programme of Action becomes more dramatic. The recent crisis in the Gulf and its lingering economic repercussions, which have already produced a negative impact on the balance of payments of African countries, will increase their financial requirements substantially.

188. In its long-term perspective study, Sub-Saharan Africa: From Crisis to Sustainable Growth, the World Bank argued that if the critical minimum needs for reversing sub-Saharan Africa's decline are to be met, ODA needs to grow at 4 per cent a year in real terms; assuming that debt-service payments are no more than $9 billion a year. In the words of the Bank: "If adequate financing for Africa is not forthcoming, Africa's decline is likely to continue in the 1990s". 10/

189. That rate of growth of ODA was not achieved during the period covered by the United Nations Programme of Action and will require greater political commitment to the cause of African development if it is to be achieved in the 1990s. Such a commitment will also mean that genuine efforts must be made to find a lasting solution to Africa's debt and commodity problems, if the continent's external financial resource base is not to be further eroded through external debt repayments and dwindling export earnings. Improvement in the external environment, and dealing effectively with the inter-linked

problems of debt, resource flows and commodities will thus continue to remain as major issues influencing Africa's development prospects in the 1990s. These factors have a bearing on the initiatives taken by the Conference on Africa held in July 1990 at Maastricht and attended by senior African ministers and the representatives of external agencies, to establish a Global Coalition for Africa (GCA). The GCA initiative was endorsed by the Assembly of Heads of State and Government at the OAU meeting held in July 1990 at Addis Ababa (see resolution AHG/Res.8/(XXVI)). In that resolution, the African Heads of State and Government called upon all of Africa's development partners to support the GCA. The GCA has been effectively launched and is currently chaired by President Masire of Botswana, with Mr. Robert McNamara as co-chairman. At their summit meeting held at Abuja, Nigeria, on 3 and 4 June 1991, the Assembly of Heads of State and Government of OAU reaffirmed their commitment to GCA by passing a new resolution supporting the GCA and calling on Africa's development partners to take all possible action to make it a success. The GCA will facilitate a policy dialogue within the framework of a more genuine partnership between Africa and the donor community. This collaboration between Africans and their foreign partners is in no way intended to diminish the responsibility of Africans for the conduct of the affairs of the continent. On the contrary, it is recognized that Africa's foreign partners cannot offer effective assistance other than within the framework of genuinely African programmes. Programmes that are not "owned" by the intended beneficiaries, have little chance of success.

6. South-South cooperation

190. During the period of the United Nations Programme of Action, a number of activities were undertaken in order to promote increased participation of African countries in South-South trade. These included an UNCTAD/UNDP project on economic and technical cooperation between Africa and Latin America. It involved a series of meetings between: African and Latin American shipowners and related enterprises on the issue of alleviating the transport constraints to mutual trade; African and Latin American commercial banks to discuss the question of trade financing and investments in the two regions; trading companies on trade expansion between Africa and Latin America through direct business negotiations, backed up by technical discussions on alternative reciprocal techniques such as counter-trade; and chambers of commerce and central banks of the two regions on their respective roles in mutual trade expansion.

191. A second basis for Africa's increased participation in South-South trade is provided by the Global System of Trade Preferences among Developing Countries (GSTP). This multilateral agreement, designed to establish a framework for the exchange of trade concessions among members of the Group of 77 and to constitute an instrument for the promotion of trade among these developing countries, was concluded at Belgrade in April 1989. Of the 48 signatories, 16 countries were African.

192. A number of African countries benefited from the activities of technical cooperation among developing countries (TCDC), supported by UNDP. Among the major activities were: matching of capacities and needs among developing countries both within and outside the African region; study-tours and short-term training in other developing countries; and subject-specific workshops of common interest. The first of these activities is the most promising. Two such exercises have been conducted in Africa since the adoption of the United Nations Programme of Action; one in the United Republic of Tanzania in December 1989, the other in Ghana in October 1990; each involving 16 countries. Fifty-three technical cooperation projects were identified in the United Republic of Tanzania and 51 in Ghana.

193. A number of African countries have also benefited from participation in TCDC projects in other regions, such as the science and industry programming exercises held in Pakistan and the Indonesian multisectoral TCDC programming exercise. In addition, the UNDP Regional Bureau for Africa has financed six major regional TCDC projects promoting cooperation between African countries and Brazil and Argentina, between Tunisia and sub-Saharan Africa, and between African national and multinational institutions. They also included a project on research into sugar production and utilization of by-products, and assistance to the South-South Partnership Promotion Centre.

C. Response of non-governmental organizations

194. Non-governmental organizations, African and international, are making a vital contribution to Africa's recovery and development through the resources they mobilize, through their unique approaches to grassroots development work, supplying and strengthening indigenous peoples' organizations and initiatives, and through their education, information and advocacy work around Africa's development needs and efforts. While precise figures are not available, it is widely accepted that financial flows from non-governmental organizations to Africa have increased substantially over the implementation period of the United Nations Programme of Action.

195. One very important development that has gathered momentum since the adoption of the United Nations Programme of Action in 1986 has been the growing impact of the community of indigenous African non-governmental organizations and voluntary development organizations (VDOs). While African non-governmental organizations are among the beneficiaries of the financial flows channelled to Africa by non-governmental organizations from the donor countries, they also contribute their own resources to the projects and programmes they implement. Indigenous African non-governmental organizations have built up considerable experience of effective people-focused development projects and programmes, and their capacity in fostering popular participation and mobilization for development enables them to contribute to the formulation and implementation of development policies, particularly those oriented towards the poorest groups.

196. In 1988, international, especially northern, non-governmental organizations committed $1.4 billion to Africa, which they had raised from private sources. Non-governmental organizations' grants constitute $1 billion of the $1.3 billion in private flows to the least developed countries (of which 29 are in sub-Saharan Africa). In addition, non-governmental organizations channelled some $US 1.5 billion to Africa from public sources. Thus, of over $US 6.5 billion mobilized by non-governmental organizations from private sources and donor Governments for disbursement to developing countries in 1988 some 45 per cent went to Africa.

197. The non-governmental organization contribution to Africa's recovery and development is multifaceted; in addition to mobilizing resources for development projects and programmes in Africa, and contributing to humanitarian assistance in emergency situations, non-governmental organizations also play an influential role in donor countries, undertaking development education and advocacy work that seeks more responsive action by bilateral and multilateral donors to meet the development needs of the African people. In addition to mobilizing public opinion around issues such as ODA flows or debt reduction, non-governmental organizations are frequently the source of new insights on development policies and approaches, women in development, environmental issues, popular participation and reaching the poor, demographic issues and appropriate technologies. For example, the Advocates for African Food Security, created at the thirteenth special session of the General Assembly in 1986, is a broad coalition advocating and effectively promoting food security in Africa, particularly through enhancing the role of Africa's women farmers.

198. A non-governmental organization-inspired activity during the period of the implementation of the United Nations Programme of Action was the joint United Nations-Non-Governmental Organization Conference on Popular Participation in African Recovery and Development, which took place in the United Republic of Tanzania, in February 1990. The conference was unique and innovative in terms of the collaboration of the United Nations-non-governmental organizations. It was jointly planned, sponsored, financed and executed by non-governmental organization and United Nations agencies and possibly the first in which United Nations agencies, Governments and non-governmental organizations participated on an equal footing.

199. The Non-Governmental Liaison Service (NGLS), an inter-agency project under the aegis of the Joint United Nations Information Committee (JUNIC), is entrusted with the specific mandate to support non-governmental organization development education and advocacy work and to bring the United Nations system and non-governmental organization representatives to engage in dialogue on policy issues and questions. NGLS played an essential role in facilitating the participation of non-governmental organizations in the 1986 special session and the 1988 mid-term review of the United Nations Programme of Action, and it continues to facilitate non-governmental organization participation in the United Nations Steering Committee and the United Nations Inter-Agency Task Force. It has kept the non-governmental organization community informed of the international policy dialogue on Africa within the framework of the United Nations Programme of Action.

D. Response of the United Nations system

200. Valuable contributions were made by the United Nations system within the framework of the implementation of the United Nations Programme of Action. Cooperation among organizations and agencies of the United Nations system as regards global coordination, monitoring and reporting on the implementation of the United Nations Programme of Action took place within the framework of the United Nations Steering Committee and its substantive arm, the United Nations Inter-Agency Task Force (IATF) on the implementation of the Programme at the regional level (United Nations-IATF). United Nations-IATF proved to be a highly useful and lively forum for frank and substantive dialogue among the participating agencies on all matters related to the United Nations Programme of Action.

201. Awareness-building activities were also effective. The Secretary-General continued efforts to increase interest within the international community on the major areas of concern of the United Nations Programme of Action, including the establishment of an Advisory Group on Financial Flows for Africa and an Expert Group on Africa's Commodity Problems. The Africa Recovery Unit of the Department of Public Information of the United Nations Secretariat played a vital role in informing the media, as well as other opinion makers, of the efforts and reforms being undertaken by African countries to revive economic and social growth, and the crucial role of external resources in helping ensure success for African efforts.

202. Financial resources, programmes and projects of United Nations agencies in favour of Africa were substantially increased during the period of the United Nations Programme of Action. Africa's share in total global assistance offered by the United Nations system rose from approximately 40 per cent in 1986 to 55 per cent in 1989, i.e., from $1.2 billion in 1986 to $1.6 billion in 1989. While this increase is appreciable, it cannot be concluded that the United Nations Programme of Action was the sole cause for this positive development, or that the higher share was allocated to priority areas of that Programme. Nevertheless, one evident conclusion is that the United Nations Programme of Action has certainly influenced the direction and allocation of resources in favour of Africa in a number of cases. The United Nations Programme of Action has also helped to strengthen existing mandates and, more broadly, to focus attention on the critical economic situation in Africa and the need to adopt additional initiatives. The accomplishments of the United Nations Programme of Action in priority sectors and policy reforms was high.

203. As indicated earlier, the World Bank and IMF also substantially increased their resources and assistance to Africa. The World Bank's disbursements to Africa increased from $1.82 billion in 1986 to $2.47 billion in 1990. The shares going to Africa of IDA and Bank lending were about 50 per cent and over 8 per cent, respectively, during the period. The IMF's direct financial assistance to Africa rose from SDR 1.5 billion at the end of 1986 to SDR 2.8 billion in 1990. Substantial repayment of interest and dividends depressed net transfers to Africa from the World Bank to $4.9 billion during 1986-1990, compared with net disbursements of $7.6 billion, and caused reverse

flows from Africa to the IMF averaging $600 million a year during the period of the United Nations Programme of Action. Efforts have also been made by these agencies to improve the quality and modality of assistance and cooperation, support policy reforms and ease the debt constraint.

204. The United Nations Programme of Action has generated new thinking among United Nations agencies which has led to major reforms affecting African development. This has been reflected in the 1988 Khartoum International Conference on the Human Dimension of Africa's Development, the Abuja International Conference on the Challenge of Economic Recovery and Accelerated Development, the Arusha International Conference on Popular Participation in Development; the United Nations Educational, Scientific and Cultural Organization (UNESCO)/United Nations Children's Fund (UNICEF)/World Bank/UNDP World Conference on Education for All, UNICEF's "Adjustment with a Human Face", etc. These conferences, studies by the International Labour Organisation (ILO) and other agencies and UNDP's human development report have focused attention on the need for a long-term development approach that takes full account of the human dimension.

205. The World Bank's long-term perspective study entitled Sub-Saharan Africa: From Crisis to Sustainable Growth, 10/ the Social Dimension of Adjustment Project and the 1990 World Development Report, which focused on poverty, came to recognize these aspects. The United Nations Programme of Action has aided in asserting the centrality of the human dimension in the development process and the need for adjustment to be part of long-term development. In spite of this particular consensus, views among the agencies vary on how to realize these objectives.

206. Another positive impact of the United Nations Programme of Action has been the forging of closer links and collaboration between the United Nations system and the non-governmental organizations. NGLS has facilitated this through its United Nations-non-governmental organizations conferences, such as "Africa: Four Years On", through its public outreach work, such as the Africa Focus Project, and through its information and publication efforts, such as the series "Voices from Africa". The Arusha International Conference on Popular Participation in Development was a highly successful partnership between United Nations agencies and the non-governmental organizations. The participation of the non-governmental organizations at the meetings of the United Nations Steering Committee and the United Nations Inter-Agency Task Force on the United Nations Programme of Action reflects the close collaboration which has developed within the United Nations system.

207. From the point of view of organizational and institutional modalities, an extra effort has been made in response to the United Nations Programme of Action and the attention it focused on the African economic crisis. New structures have been set up in some cases, while others have been upgraded, such as the African Investment Plan of the United Nations Development Fund for Women (UNIFEM). The number of staff dealing with Africa has been markedly increased. Governing bodies of various organizations have been monitoring the implementation of the United Nations Programme of Action, some of them on a regular basis such as ECA, UNCTAD and UNDP.

208. These results are particularly significant when one takes into account that:

(a) The medium-term plan for the period 1984-1991 and most of the programmes of the various agencies were already in place when the United Nations Programme of Action was adopted in 1986;

(b) The financial resources available to the organizations are decided by contributing Governments and not the organizations themselves;

(c) Reorientation of programmes cannot easily take place, as it is determined by both governing bodies and recipient Governments;

(d) The United Nations Programme of Action is only one among several mandates for action by the organizations within and outside Africa.

209. Appreciable as this response has been and given the magnitude of efforts that need to be systematically undertaken over the years to deal with Africa's economic crisis, much needs to be done by the United Nations system in terms of coordination of approaches and operational modalities; increased mobilization of resources, which will inevitably be linked to an increased awareness of Africa's own efforts to overcome its crisis; assistance in improving the external environment and dealing effectively with the debt problem; easing conditionalities; offering assistance on more concessional terms; finding a solution to the multilateral debt; and the effective and efficient delivery of technical cooperation programmes. The emerging consensus, within the United Nations system, on appropriate developmental approaches in Africa needs to be translated into action.

E. Interactions between internal and external factors on the implementation of the United Nations Programme of Action

210. The foregoing analysis of internal and external responses to the United Nations Programme of Action shows that the disappointing performance in the implementation of the Programme was due to an unfortunate combination of internal and external factors. The deterioration in the terms of trade coincided with falling external financial flows. Foreign exchange losses, including capital flight, reinforced the effects of rising external debt and debt-servicing obligations. Widespread adoption of economic stabilization and structural adjustment policies, with short-term and medium-term implications, affected the United Nations Programme of Action objective of laying foundations for long-term development. The weakening of African public institutions led to increased involvement of external agents in national policy formulation. Increased efforts on export commodities sometimes militated against national food security objectives.

211. The stated objective of the United Nations Programme of Action to lay the foundation for the structural transformation of African economies was not attained. As a result of the economic crises of African countries in the mid-1980s, the managers of the economies of these countries became preoccupied with short-term stabilization measures and SAPs. For example, the drive towards diversification became secondary in the light of the need to expand traditional export commodities to earn foreign exchange. Reforming the majority of African countries meant implementing economic stabilization and SAPs. The objectives of these programmes often overlapped with those of the United Nations Programme of Action, but the short-term implications of their policy prescriptions often conflicted with the long-term objectives of the United Nations Programme.

212. The promotion of primary exports to earn foreign exchange also had implications for domestic food production. In order to stimulate agricultural production, the economic reform programmes advocated price deregulation, which had the potential to stimulate both food and cash crops for export. The translation of this potential into reality, however, depended upon the availability of inputs such as credit and fertilizers. However, under the reform programmes, priority in the allocation of limited resources was placed on exportable cash crops. As a result, while the region as a whole was able to increase the volume of primary exports by 6 per cent, the food self-sufficiency ratio fell from 92 per cent in 1985 to 85 per cent in 1990. Besides the impact of reform measures, this fall was the result of many factors, including civil strife, natural calamities and population growth.

213. Despite the relative increase in the volume of commodity exports, the total foreign exchange earnings fell because of falling international commodity prices. For example, coffee, cocoa and copper - which are major African exports - were severely depressed over much of the decade of the 1980s. Coffee prices reached a 14-year low in real terms after the collapse of the International Coffee Agreement in July 1989. Similarly, after the failure of the International Cocoa Organization in September 1989 to agree on a new price support mechanism, real cocoa prices fell to levels prevailing in 1945. At the same time, the prices of respective imports were rising. Consequently, using 1980 as the base, the purchasing power of exports fell from 75.7 per cent in 1981-1985 to 53.7 per cent in the United Nations Programme of Action period. The terms of trade of most African countries fell from 97.7 per cent in 1981-1985 to 64.1 per cent in 1986-1990. Therefore, during the United Nations Programme, the capacity of African countries to earn foreign exchange became greatly reduced.

214. If the envisaged $9.1 billion of external resource flows under the United Nations Programme of Action had materialized, it would have compensated for part of the decline in the African capacity to earn foreign exchange. As demonstrated already, the decline in export earnings was paralleled by a decline in resource flows. Owing to an unfavourable investment climate in many African countries, private investment flows, even in nominal terms, declined from $6.7 billion in 1986 to only $3.5 billion in 1989. There was an increase in net official development finance from $19.3 billion in 1986 to a

provisional $28 billion in 1990. However, in real terms (1986 prices), the increase was marginal, from $19.3 billion to $20.3 billion. A similar trend prevails when ODA is not aggregated, with net assistance from multilateral organizations, for example in nominal terms, declining from $1.4 billion each in 1986 and 1987 to only $1 million in 1988, before recovering to $1.6 billion in 1989. In other words, the average annual real net flows from the multilateral institutions, dominated by the World Bank, the African Development Bank and IMF, declined. The efforts made by the first two institutions in increased lending was partly counter-balanced by higher repayment flows back to the Fund.

215. African economies were not only squeezed by declining export earnings and inadequate assistance and investments but also by a tremendous amount of capital flight. Accurate estimates are hard to note, owing to the clandestine nature of this capital flight, but the circumstantial evidence of monies hidden in foreign banks runs into billions of dollars. Estimates vary markedly, but on the basis of suspected changes in private foreign assets and the prevalence of prices (comparing c.i.f. prices with those prevailing elsewhere) the level of capital flight is estimated at nearly $30 billion over the 1986-1990 period. The phenomenon of capital flight has been exacerbated by political instability, civil strife, uncertainties created by frequent and almost consistent movements in currency rates through devaluations, and other economic factors, such as inflation, returns on investments, etc.

216. Partly as a consequence of declining export earnings and inadequate external assistance, African economies were faced with an ever-increasing debt burden. The economic crises of the 1970s and 1980s, combined with domestic policies that failed to encourage domestic savings and engineered capital flight, seriously undermined the capacity of most African countries to mobilize domestic resources. This, accentuated by falling private and official financial flows, has compelled these countries to resort to external borrowing in an attempt to maintain their levels of current consumption and investment. As the crisis has persisted, many countries have found themselves heavily burdened by debt and its servicing obligations; so much so that in some cases, countries found themselves experiencing net resource outflows. The total debt of the region, which stood at $203.7 billion in 1986, rose to an estimated $271.7 billion in 1990. Consequently, the debt-servicing ratio for the region as a whole has averaged over 30 per cent during the period of the United Nations Programme of Action. The recent initiatives to mitigate this burden have provided only slight relief.

217. Major factors that hindered the implementation of the United Nations Programme of Action were civil strife, inter-country conflict, instability and acts of destabilization. In some countries, including Angola, Ethiopia, Liberia, Mozambique, Somalia and the Sudan, civil war and other internal problems were such that very little could be achieved in the context of the United Nations Programme. Civil strife, exacerbated by economic crises, and military conflicts (some fueled by external geo-political interests) continued in many countries in Africa during the 1986-1990 period. These caused scarce resources to be diverted away from productive activities to purchase armaments

and to cater for the burden of 12 million displaced persons and 6 million refugees. The effect on the environment was also devastating, with severe deforestation, soil erosion and problems of polluted and diminishing water supplies in areas of concentrated population. At the same time, international attention to these issues waned as world focus was taken up by other priorities.

218. Weak socio-economic and administrative structures, coupled, in many cases, with inappropriate policies, constituted a major factor which inhibited the capacity of many African countries to mobilize and utilize internal, as well as external resources. National institutions were weakened by both insufficient resources and lack of motivation. In particular, inadequate remuneration, lack of recognition of professionalism, career insecurity, excessive politicizing of decision-making in economic matters, to mention a few factors, resulted in a massive brain drain. In the face of weakened national capacities, national policies became increasingly determined or influenced by external advisers. Development initiatives often reflected donors' interests; for instance, in the supply of experts and materials, rather than the priority social needs of the population. In addition, the absence of a dynamic private sector and poor or insufficient political as well as administrative accountability, which continued to characterize many of the African countries, have exacerbated the weakening of socio-economic performance.

219. The cumulative nature of these internal and external factors and the negative effects which have been illustrated above contribute greatly to explaining the difficulties encountered in the implementation of the United Nations Programme of Action.

IV. PERFORMANCE OF THE AFRICAN ECONOMY (1986-1990)

A. Economic performance

220. Despite considerable efforts made by the African countries to enhance the efficiency of the African economies through policy reforms and structural adjustment programmes (SAPs), the relative improvement in weather conditions, and the initiatives of the international community, the overall performance of the African region was generally poor and unsteady during 1986-1990.

221. The real GDP of the African region grew, according to ECA, by an unsatisfactory average rate of 2.3 per cent during 1986-1990, with erratic year-to-year fluctuations. From a rate of growth of 2.6 per cent in 1986, the GDP growth rate fell to 0.7 per cent in 1987, increased to, respectively, 2.1 per cent and 3.3 per cent in 1988 and 1989, only to fall again to 2.6 per cent in 1990. The International Monetary Fund (IMF) estimates the GDP growth rate in 1990 for Africa as a whole at 1.9 per cent and for sub-Saharan Africa at 1.5 per cent. Although the average rate of growth of the GDP during the period of the United Nations Programme of Action showed some improvement over the level of 1980-1985, one cannot conclude that the African economies are finally on the road to sustained recovery, or that they are about to embark on accelerated development on a sustained basis. Overall, economic conditions have remained precarious.

222. However, the overall picture conceals wide disparities in the performance of Africa's various income groups and subregions. GDP growth in the oil-exporting countries, which normally contribute about two thirds of the region's total output, averaged 1.9 per cent per annum during the period of the United Nations Programme of Action, as against the 2.8 per cent in the non-oil-exporting countries. Annual growth rates have, however, been erratic for both groups.

223. The sharp decline in oil prices from 1986 onward and the continued weakness in oil demand had an adverse impact on overall growth in the African oil-exporting countries and on government revenue. It was not until 1989 - and more recently as a result of the Gulf crisis - that a substantial recovery took place in oil prices and production. This caused the GDP growth rate in the oil-exporting countries to rise to 3.2 per cent and 3.7 per cent in 1989 and 1990, respectively. Before that time, their GDP growth rate was a mere 1.9 per cent (1986), 0.2 per cent (1987) and 0.9 per cent (1988). As a result of the impact of a favourable performance in the agricultural sector, and the recovery in non-fuel mineral prices during 1987-1989, the GDP growth rate in the non-oil-exporting countries was high at 4.1 per cent (1986), 4.3 per cent (1988) and 3.4 per cent (1989). A deterioration in agricultural production, as well as in the mining sector, accounted for a poor performance in 1987 in those countries. The impact of the Gulf crisis on oil prices and supplies affected the non-oil-exporting countries adversely. The growth of GDP was particularly poor in the African least developed countries in 1990, with output declining by 0.3 per cent.

224. At the subregional level, GDP growth rates during 1986-1990 were highest in eastern and southern Africa, averaging 3.2 per cent, and lowest in Central Africa, averaging 0.5 per cent. In all cases, however, growth was weak in 1990 as a result of a poor agricultural year and the oil price shock brought about by the Gulf crisis.

225. GDP per capita continued to decline during 1986-1990 at an average rate of 0.7 per cent, with the exception of 1989, when it grew at 0.3 per cent. This means, in effect, that the average African continued to get poorer and to suffer a persistent fall in an already extremely meagre standard of living virtually throughout the United Nations Programme of Action period.

226. Gross domestic savings grew by an average of 17 per cent during 1986-1990, compared to 19 per cent during 1980-1985. Rates of growth were actually lower towards the end of the United Nations Programme of Action period. Likewise, gross domestic investment also grew by about 21 per cent during 1986-1990 as against 22 per cent during 1980-1985. Inflationary pressures intensified during the United Nations Programme of Action period. The average annual rate of inflation was 18 per cent, compared with 16 per cent during the preceding five years. The main factors that affected the acceleration in the consumer price index were the high levels of bank credit, widening budget deficits, devaluation and the relaxation of price controls in many countries.

227. The performance of the agricultural sector continued to greatly influence the growth rates of GDP of African countries. The share of agricultural production in GDP remained virtually constant at about 24 per cent during the United Nations Programme of Action period. Agricultural value added grew at an average annual rate of 3 per cent during 1986-1990, closer to the rate of population growth, compared with the much lower rate of 1.6 per cent during 1980-1985. The year-to-year growth rates were, however, highly volatile: 6.9 per cent (1986); -1.2 per cent (1987); 5.1 per cent (1988); 3.6 per cent (1989); and 1 per cent (1990), largely reflecting weather conditions and civil strife. Harvests in 1990 were seriously reduced by drought in the Saharan countries. Poor harvests were also reported in several coastal countries, most notably Benin, Ghana, Liberia, Nigeria and Togo.

228. The food supply situation in the continent has been less than satisfactory and overall food deficit figures have either remained significant or increased during the United Nations Programme of Action period. Food aid needs of the 45 countries of sub-Saharan Africa increased by more than 45 per cent in 1987-1988, from the level of the previous year, and 1989 cereal import requirements rose further, by 3.8 per cent. Furthermore, considerable logistical difficulties and political strife inhibited the effective movement of grains from surplus to deficit areas. Overall, agricultural recovery is yet to free the African continent from the scourge of food-dependence, hunger and famine. Food aid requirements averaged about 4 million tons throughout the United Nations Programme of Action period. According to the Food and Agriculture Organization of the United Nations (FAO), currently 30 million people are affected by food shortages or threatened with starvation in

Africa. Some 5.7 million tons of food aid are urgently required in 1991, against pledges of 3.4 million tons received so far for Africa. The threat of famine is most severe in Angola, Ethiopia, the Sudan, Mozambique, Somalia and Liberia and the food emergency situation is serious in another 10 countries, namely: Uganda, Sierra Leone, Mauritania, Malawi, Madagascar, Guinea, Ghana, Côte d'Ivoire, Chad and Burkina Faso.

229. Value added in industry picked up somewhat during the United Nations Programme of Action period, averaging 2.7 per cent for manufacturing and 2.3 per cent for mining, respectively. Other sectors - such as construction, public administration and services - registered less than satisfactory rates of growth. The energy and water sector grew by 5.1 per cent during the period.

230. The external position of African countries remained precarious during 1986-1990. Even though the region's export performance, in quantum terms, improved somewhat in the United Nations Programme of Action period, the continued low prices received for most of its non-oil commodity exports meant that there was virtually no change in the overall balance-of-payments position. The average annual trade balance of a modest $0.6 billion in 1982-1985 was turned into deficits averaging $3.7 billion per annum in 1986-1988. An improvement in services exports and a modest increase in private transfers, however, enabled the region's balance-of-payments deficit to remain at virtually the same level in 1986-1988 as in 1982-1985. In effect, the external account showed no improvement at the regional level during the United Nations Programme of Action period. According to the IMF World Economic Outlook of May 1991, the region's current account situation was -$5.1 billion in 1987, -$10.6 billion in 1988, -$8 billion in 1989 and -$4 billion in 1990.

B. The social situation

231. Overall, human conditions worsened considerably during the United Nations Programme of Action period. The performance of the social and human development indicators in 1986-1990 has been generally poor. Declines have been registered in education, health, nutrition, employment and incomes. The percentage of total government expenditure devoted to health in 1985 was nearly 6 per cent, and to education 15 per cent. By 1990, the share of health and education in total government expenditure had declined to 5 per cent and 11 per cent, respectively.

232. Gross school enrolment ratios at the primary level slid from a high of 77 per cent in 1980 to 72 per cent in 1987 and even more drastically for girls. By 1990, they had dropped further to 70 per cent of the relevant age group. Primary school survival rates also worsened in the period 1986-1989. Of the pupils who enrolled in the first year in 1986, 20 per cent dropped out by the second year, a further 10 per cent by the third year and 5 per cent in the fourth year. Only 65 per cent of the children who enrolled in 1986 were still in school by 1989. This is a serious trend in view of the fact that the expansion of primary and basic education has always been an important strategy

employed by African Governments, since independence, to eradicate illiteracy. The literacy figures themselves show a rather disturbing trend. Although illiteracy rates were brought down from 59.1 per cent in 1985 to 52.7 per cent in 1990, the absolute number of illiterate people increased from 133.6 million to 138.8 million adults during the same period - the first time such increases have been recorded since 1960. In particular, female illiteracy rates are extremely high, 66 per cent as compared to 46 per cent for males.

233. The severe resource cuts to the education sector, as well as the adjustment policies of cost-recovery and containment, were largely responsible for these declines. There was also a sharp fall in the quality of education, owing to the widespread shortages of teaching and learning resources, a demoralized and under-motivated teaching staff and an overall deterioration of the learning environment.

234. Higher education also suffered from this resource scarcity, resulting in considerable decline in its quality. Stagnated enrolment rates in the mid-1980s gave way to a precipitous decline in enrolment from 1987 onwards.

235. Public expenditure cuts, compounded by natural disasters in some parts of Africa, have negatively affected the nutritional situation of Africans. By 1989, there were 150 million severely undernourished people in Africa - 70 million more than there were in the mid-1970s - and 40 per cent of Africa's pre-school children were suffering from acute protein energy deficiency - up from 25 per cent in 1985.

236. Apart from drought and desertification, other causes of malnutrition in Africa included the removal of food and agricultural subsidies at a time when household incomes were declining, as well as civil strife in many parts of the continent.

237. In 1990, an estimated 26.6 per cent of Africa's children were underweight, 53.3 per cent were stunted and 10.2 per cent were wasting. The daily per capita calorie intake was 96 per cent of requirements before 1986. By 1989 it had dropped to 92 per cent. Despite severe obstacles, grass-roots efforts, especially by women farmers, have been successful in improving food production, thus alleviating to some extent the effects of the food crisis.

238. Maternal and child health as well as primary health care programmes have also been severely affected by the resource crunch. Diseases that were thought to have been eradicated or controlled have reappeared in Africa. Among these were malaria, trypanosomiasis and schistosomiasis. Illnesses caused by poor nutrition and unhealthy environments are also taking their toll: tuberculosis, bronchitis, scabies, yaws, etc. The under-five mortality rate in 1985/86 was 182 per 1,000. By 1989/90, it remained at 182, which was the highest rate in the world. Despite the intensified efforts of agencies such as UNICEF to protect the continent's children, the under-five mortality reduction rates achieved in the early 1980s - 1.55 per cent per annum between 1980 and 1985 - sadly, could not be improved upon during 1986-1990.

239. In spite of serious economic setbacks, some remarkable progress, specifically in child health, has been possible by focusing on low-cost health interventions to tackle major causes of child mortality. In 1986, African Ministers of Health agreed on a 75 per cent target for immunization coverage by 1990 against polio, measles, whooping cough, tetanus, diphtheria and BCG. By 1990, 22 countries in Africa had achieved this target and the number of children dying from measles, for example, has drastically fallen. Likewise, deaths from dehydration caused by diarrhea were considerably reduced by the education of mothers in the implementation of oral rehydration therapy.

240. Maternal mortality is high, ranging from 110 to 1,000 or more deaths per 100,000 live births. This high rate is due in part to very early child-bearing, as well as to repeated and closely spaced births and the incidence of pregnancies among older women. UNFPA, in collaboration with other United Nations organizations and international development assistance agencies, has embarked on a major Safe Motherhood Initiative to assist Governments in addressing the critical issue of maternal mortality.

241. The Human Immunodeficiency Virus (HIV), which causes AIDS, is posing a very serious threat to the development of human resources in Africa. The World Health Organization (WHO) has estimated that by early 1991 about 6 million persons were infected with HIV in the region (more than half the global total). About 3 million women are now infected, and, the incidence of HIV infection appears to be increasing. Moreover, as of early 1990, about 900,000 HIV-infected infants have been born in sub-Saharan Africa and, during the 1990s, several million more may be expected. There are also an increasing number of "AIDS orphans", left without family or community support after parents and relatives have died of the disease. AIDS is attacking the economically active age groups, mainly in cities and towns, but also among some rural populations. The World Bank, along with UNDP, is collaborating with WHO in studies on the economic and demographic impact of AIDS and its implications for health-care costs, while other United Nations organizations, such as UNESCO, UNICEF and UNFPA, are collaborating with WHO on the preventive aspects of AIDS. Although research into producing a vaccine is advancing, the prospects for an effective and widely available vaccine against HIV infection and AIDS still remain distant.

242. On the average, real wages declined by over 30 per cent in the 1980s, in some countries the decline being as steep as 75 per cent to 80 per cent. This was partly due to structural adjustment policy measures aimed at reducing the government wage bill and correcting perceived rural-urban distortions. A World Bank/UNDP study confirmed that the level of government real wages declined by more than half in the decade of the 1980s. Wage employment also suffered, with open unemployment growing at an average of 10 per cent per annum between 1986 and 1990. By the latter year, open unemployment affected over 30 million Africans and severe underemployment, a further 90 million people - 30 million more than in 1985.

243. The stagnation in formal-sector employment, combined with continuing rural-urban migration, resulted in a massive growth in informal sector

employment. In effect, the African economies became more and more "informalized". Under conditions of declining effective demand, the growth of the informal sector quite likely signified increasing underemployment. Urban wage earners also resorted to subsistence farming as part of their survival strategies. In this way, the carefully nurtured specialization between formal and informal sectors and urban and rural areas broke down.

244. The outcome of the above trends was increasing poverty - especially in the urban areas. By some estimates, poverty affected as much as one half of the African populations in 1990.

245. One disturbing reaction to the above chain of events was an intensification of the brain drain. Persons in middle-level and high-level management, whom Africa needs for its recovery and development, prefer to seek a more conducive and renumerative working environment outside the continent. Between 1985 and 1990, an estimated 50,000 to 60,000 such highly qualified Africans left the continent. Their flight affected the functioning of institutions of higher learning, industry and State-owned enterprises. In some countries, the drain was so severe that Governments took steps to investigate its causes and search for solutions.

246. Despite the disappointing economic performance of Africa in the 1980s, the record is not without significant points of progress and areas that beckon encouragement for the 1990s. A new, tough-minded realism and emphasis on efficiency has entered economic policy-making in a majority of countries, both in the macro-areas of adjustment and in many areas of sectoral policy and implementation. There have been noticeable shifts of attitude towards greater self-reliance, both at the national level and at local community levels, with the renewed political commitment to regional integration perhaps being a further example. Despite the cutbacks in government expenditure, a number of countries show impressive grass-roots initiatives in informal sector production. Local level, rural, and urban health actions and a burgeoning range of other community actions and initiatives have sprung into existence. These positive points are not nearly enough to offset the overall 20 per cent decline in national income in sub-Saharan Africa; however, they are the waypoints to progress.

V. A NEW COMPACT FOR AFRICAN DEVELOPMENT IN THE 1990s

A. A focused and specific compact

247. The political and human solidarity with Africa, to which the General Assembly gave expression in 1986, continues to exist. This historic "compact" must be maintained and revitalized through the 1990s. This time, the compact needs to be more explicit in the "context" of specific sets of actions by Africa, the international community, including Africa's increasing number of active development partners, and the United Nations system.

248. There is no need to renegotiate the overall objective of laying the foundation in Africa for sustained and sustainable development. Africa's current economic situation now calls for the prioritizing of targets and measures within an action programme that focuses on the essential elements that are critical for sustained development in the 1990s. Such an agenda should be active and goal-oriented, rigorously implemented and subject to continuous monitoring between African Governments and their partners in development.

249. In their review of the United Nations Programme of Action, the Conference of Ministers of the Economic Commission for Africa (ECA) called for a new agenda of cooperation between Africa and the international community that would "focus on the set of problems, without the solution of which, Africa cannot be expected to progress and prosper, and which would underwrite our continent's efforts and development orientation".

B. The elements of a global compact

250. A global compact for the 1990s must be specific, operational and clearly focused on the goals to be achieved. Three essential aims of this compact, to be accomplished throughout the continent are:

(a) Transformation and diversification of the African economies with improved management and greater efficiency that would: strengthen them within the world economy, reduce their vulnerability to external shocks, increase their dynamism, internalize the process of development, and enhance self-reliance;

(b) Sustained and sustainable economic development, including an acceleration of the rate of growth of GNP to at least 6 per cent per annum, and measures to halt environmental degradation;

(c) Human development, including rapid progress towards human goals for the year 2000 in the areas of life expectancy, women's development and equal status, child and maternal mortality reduction, nutrition, health, water and sanitation, basic education, shelter and full productive employment.

251. The case for a minimum rate of economic growth of 6 per cent is strong. This was the average growth rate achieved throughout sub-Saharan Africa from 1965 to 1973, except for Nigeria, and it was the rate achieved by 17 individual African countries for one or more of the eight-year periods of 1965-1973, 1973-1980, or 1980-1987. The target-rate would permit an increase of savings, investment, environmental protection and infrastructure, as well as finance human development needs. It would allow an increase of about 3 per cent per annum in consumption - enough to support poverty reduction and increase consumption per capita by a third by the year 2000 - and to double consumption over present levels by about the year 2015. In addition, such a target would serve as a test of performance for monitoring activities and as a measure for judging tne adequacy of supportive action, national and international, in support of the compact. As a goal for the poorest continent in the world, this is hardly overly ambitious, since it would still leave sub-Saharan Africa with an average per capita income of only about $700 in the year 2015. Stronger emphasis on population policies would be central to these efforts.

C. Country-by-country compacts

252. The global compact for the 1990s should be supplemented by country-by-country targets and compacts, along the lines of the round tables and consultative groups organized, respectively, by UNDP and the World Bank. These compacts should be negotiated with all African countries. A country-level compact might involve:

(a) Commitment at country level to specific development goals, with a small core of three to five major development partners agreeing to provide long-term support;

(b) Specific measures for additional support should commodity prices fall or adverse changes occur in the external environment that adversely affect the attainment of development objectives.

As part of the compact, the country should commit itself to making steady progress towards some basic human goals in the 1990s, and to key reforms for achieving sustained and sustainable development, including reduction in military expenditure. Donors, on their part, should make commitments with respect to their own aid flows, debt relief measures and compensation for commodity price shortfalls, as well as efforts with other donors to obtain further concessions.

253. Every effort should be made to make such an approach available to all countries because it can provide a framework and mechanism for achieving accelerated development. Already some elements of this approach exist in the consultative group and round-table mechanisms. Country-by-country compacts might be an opportunity for providing, on a case-by-case basis, support for moving towards larger goals and structural transformation. It would also seem useful to establish such arrangements at the subregional level. This is particularly relevant in the context of the provisions of the Treaty establishing the African Economic Community.

D. The international elements

254. Bold measures are required to support the achievement of sustained growth and development. These should ensure enhanced aid flows, dealing decisively with the problem of debt and declining commodity prices.

255. The level of external assistance under the United Nations Programme of Action declined in real terms (see table 1). At the very least, the international community must ensure that, over the course of the 1990s, external resource flows are sufficient to attain and sustain an annual economic growth rate of 6 per cent by African countries. If African export earnings increase, less will be needed from aid or debt relief. But if the terms of trade continue to move against Africa, as happened during the United Nations Programme of Action, more support will be needed from aid or debt relief. Africa requires in 1992, a minimum of $30 billion in net official development assistance (ODA), plus further significant reductions in external debt service. The real net annual growth in this ODA from the 1992 target must be at least 4 per cent up to the year 2000 in order to sustain an economic growth rate of 6 per cent a year, provided there is no further deterioration in Africa's terms of trade. Where debt-service reduction measures are concerned, the World Bank has stated that these should ensure that debt-service payments are at most no greater than $9 billion a year for all sub-Saharan Africa.

256. African countries cannot be expected to achieve genuine development given a total debt burden which exceeds $270 billion, the servicing of which currently takes over 30 per cent of total exports. However, only about 60 per cent of the debt service due has in fact been paid. The balance is accounted for by reschedulings, which largely roll payments forward, and by the build-up of arrears. In 1990, debt service due, as opposed to what was actually paid, was of the order of $35 billion, or 50 per cont of African exports. For sub-Saharan Africa, debt-servicing obligations were of the order of $17.5 billion (against actual annual payments which averaged close to $10 billion in 1986-1989), and substantially above 50 per cent of export earnings. Debt write-offs and write-downs must address not only the debt now being serviced, but also the debt overhang created by payment obligations being rolled forward and from the accumulation of arrears. Since 1987 some new thinking and initiatives have emerged on African debt. Nine member States of OECD have so far announced initiatives to cancel, or convert into grants, bilateral loans granted to various low-income African countries. During 1987-1989, the total debt forgiven or converted for 32 low-income countries in Africa amounted to $1.6 billion. The equivalent amounts forgiven for 12 middle-income sub-Saharan countries was $206 million. According to the latest estimates by the World Bank, between 1978 and 1990, donors cancelled some $7.6 billion of ODA debt owed by SPA-eligible countries. Virtually all debt forgiven was concessional. This measure, although very welcome, did not significantly reduce the obligation of these countries.

257. Recent announcements by several creditor countries will hopefully result in further cancellation of ODA debts owed by low-income countries in Africa. These include France's decision to cancel $2.4 billion in concessional debt owed by 35 low-income African countries, the announcement by the United States that it will forgive some $1.4 billion of debt owed by 22 African countries, and Italy's decision to cancel $1 billion of ODA debt owed by the most indebted low-income countries, most of which are African. The European Community has also announced that about $4 billion of debt owed to it by 69 African, Caribbean and Pacific (ACP) States would be cancelled by 1997. Modest as they are, these actions represent a growing consensus among bilateral donors that it is essential to reduce substantially or cancel the stock of African debt. The recent cancellation of $7 billion of Egypt's debt, and forgiveness of 70 per cent of Poland's debt to the United States, indicates that bold measures can be taken.

258. The situation of Africa, especially sub-Saharan Africa, calls for bolder measures and exceptional treatment in regard to official and semi-official debt, private or commercial debt, as well as multilateral debt. It is therefore proposed that:

(a) Official bilateral debt be cancelled;

(b) Semi-official/export credit debts owed by African countries should also be cancelled;

(c) Private/commercial debt, which is already highly discounted on financial markets, should be written down and the remaining debt reduced through donor-supported initiatives, such as debt-equity swaps, debt for environment schemes and poverty alleviation;

(d) Debt owed to multilateral financing institutions, which now accounts for about 40 per cent of sub-Saharan Africa's debt-servicing obligations, should be substantially reduced with the assistance of donor countries.

259. An improvement in commodity prices would immediately enhance resource availability. Foreign aid during the last five years was hardly sufficient to cover losses incurred by countries as a result of falling commodity prices. A number of schemes such as IMF's Compensatory and Contingency Financing Facility (CCFF) are available to assist countries. Access to these resources are subject to meeting strict conditions, and the funds are loaned at relatively high cost. Other schemes relating to shortfalls in commodity export earnings are the ACP/EEC's STABEX and SYSMIN schemes and the Swiss Compensatory Financing Programme. These facilities are available only to certain countries in Africa and, while the funds made available are essentially in the form of grants, the overall amount of funds has been very far from sufficient to cover the full extent of the shortfalls experienced. Additional resources are needed for these facilities, as well as improvements in access to these schemes for African countries. Similarly, there is need for renewed efforts at international cooperation among consumers and producers, especially on coffee and cocoa. Diversification provides a major

way out of commodity export dependence and its related problems. As an addendum to the present report, the study on diversification (A/46/324/Add.1) offers a number of concrete suggestions that could assist African countries in their efforts to diversify their economies. The measures proposed include actions to be taken by African countries themselves, as well as their development partners. Additional resources will be required to support Africa's diversification programmes through enhanced contributions by the international community and increased domestic resource mobilization, as well as through the creation of the appropriate environment for both domestic and foreign capital mobilization. A diversification fund has been proposed as one mechanism by which additional resources could be mobilized, especially to support Africa's efforts. The international community should avail itself of the Common Fund for Commodities to achieve a stabilization of commodity prices at renumerative levels.

260. The experience of the 1980s in implementing reform policies and SAPs underscores the essential point that, while sound macro-economic framework is a necessary condition, it is far from sufficient to achieve sustained and sustainable development. Adjustment efforts must be continued, but the process of structural transformation must be broadened and deepened and the requisite financial resources must be made available. The national elements of an African strategy in the 1990s ought to focus on the following priority areas:

(a) Continued economic reforms and structural transformations: to approach the modest and attainable growth rate of 6 per cent in GDP, it will be necessary to continue to evolve and adopt policies that stimulate growth and, at the same time, promote fundamental transformation of the economies to make them more efficient and adaptable to external changes;

(b) Greatly increased investment in human development: development cannot be measured solely by the yardstick of economic aggregates. African countries in the 1990s need to focus comprehensively on human needs and development. Policy objectives in this field ought to focus on the eradication of poverty, food security, education and health, with identified goals for the year 2000. Africa can only develop through the efforts and capacities of its people and, in this regard, the people and the strengthening of their capacities ought to be at the forefront of development planning. Since the vast majority of the African population by age are children and youths and by gender are women, particular emphasis must be placed on their development, capacity, and, in the case of women, their status;

(c) Environment, population and food production: improving the welfare of the people is critically dependent on the link between economic growth, modernization of agriculture and population growth. Environmentally sound technologies and development of endogenous capacities are elements in arresting environmental degradation in Africa and recapturing its vast agricultural potential. It is critical that policies in the 1990s incorporate an integrated and coherent approach to these issues at national, regional and global levels. Recognition must be given to the role of women in these areas

and adequate attention paid to their special needs. A significant reduction in population growth rates is essential for achieving a meaningful increase in per capita incomes;

(d) Regional integration and cooperation: greater regional integration and cooperation has always been the aspiration of the African peoples. Such regional integration and cooperation will also enable Africa to compete in a world economy. The Heads of State and Government of OAU signed in June 1991 the Treaty establishing the African Economic Community. The Treaty defines Africa's priorities and should be the focus of the international community's support for Africa's long-term development;

(e) Popular participation and governance: the fundamental changes required in Africa in the 1990s go beyond economic aggregates. They call for economic justice and popular participation in designing and directing the development process, as well as for improved governance, accountability, the rule of law and human rights;

(f) The role of the United Nations in promoting and monitoring the new compact: the United Nations has played a crucial role in sensitizing international public opinion. The final review on the implementation of the United Nations Programme of Action by the Ad Hoc Committee of the Whole and the General Assembly would provide the opportunity for agreement between Africa and the international community on the new compact for African development in the 1990s. In doing so, due account would need to be taken of various recent initiatives, including the Global Coalition for Africa.

261. The United Nations Programme of Action lacked direct involvement of Governments in its monitoring on a continuous basis. It is therefore desirable to establish, under the aegis of the United Nations General Assembly, a high-level committee with equal representation from African and non-African Governments, plus a group of eminent persons to be responsible for the monitoring of, and reporting on, the implementation of the new compact. The United Nations must continue to play its central role in providing both substantive and technical support for this process, particularly in the context of mobilizing international support and assisting African countries in their efforts.

262. The international community cannot afford to be complacent. A new compact that commits both Africa and the international community to creating the conditions in which the aspiration of Africa's people for a better life can be realized is indispensable. Such a compact between Africa and the international community must be one that is fully observed and implemented by all parties. If the compact is effective, Africa could once again take its place as a dynamic and growing part of the world economy, with improving living standards for its people. But Member States should also be reminded of the cost of failure: a whole continent would continue in stagnation and despair with repercussions for the entire world.

Notes

1/ A/40/666, annex I, declaration AHG/Decl. 1 (XXI), annex.

2/ A/43/664 and Corr.1, sect. IV.

3/ A/42/560 and A/43/500 and Corr.1 and Add.1-2.

4/ A/45/427, annex, appendix II.

5/ A/44/315, annex.

6/ A/45/581, annex.

7/ A/45/591, annex.

8/ A/43/398, annex II, AGH/Res. 177 (XXIV).

9/ United Nations, Financing Africa's Recovery, Report and Recommendations of the Advisory Group on Financial Flows for Africa, 1988, p. vi. Copies are available, in English and French only, at Africa Recovery, Department of Public Information of the Secretariat.

10/ World Bank, Sub-Saharan Africa: From crisis to Sustainable Growth: A long-term perspective study (Washington, D.C.), 1989, p. 179.